

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

**Amendment No. 2
to
FORM S-1**

**REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933**

INSTALLED BUILDING PRODUCTS, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

1520
(Primary Standard Industrial
Classification Code Number)
495 South High Street, Suite 50
Columbus, Ohio 43215
(614) 221-3399

45-3707650
(I.R.S. Employer
Identification Number)

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

Michael T. Miller
Executive Vice President and Chief Financial Officer
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495 South High Street, Suite 50
Columbus, Ohio 43215
(614) 221-3399

(Name, address, including zip code, and telephone number, including area code, of agent for service)

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

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

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

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Securities Exchange Act of 1934, as amended. (Check one):

Large accelerated filer

Accelerated filer

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

Smaller reporting company

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered(1)	Proposed Maximum Offering Price Per Share (2)	Proposed Maximum Aggregate Offering Price (1)(2)	Amount of Registration Fee(3)
Common stock, \$0.01 par value per share	10,350,000	\$16.00	\$165,600,000	\$21,330

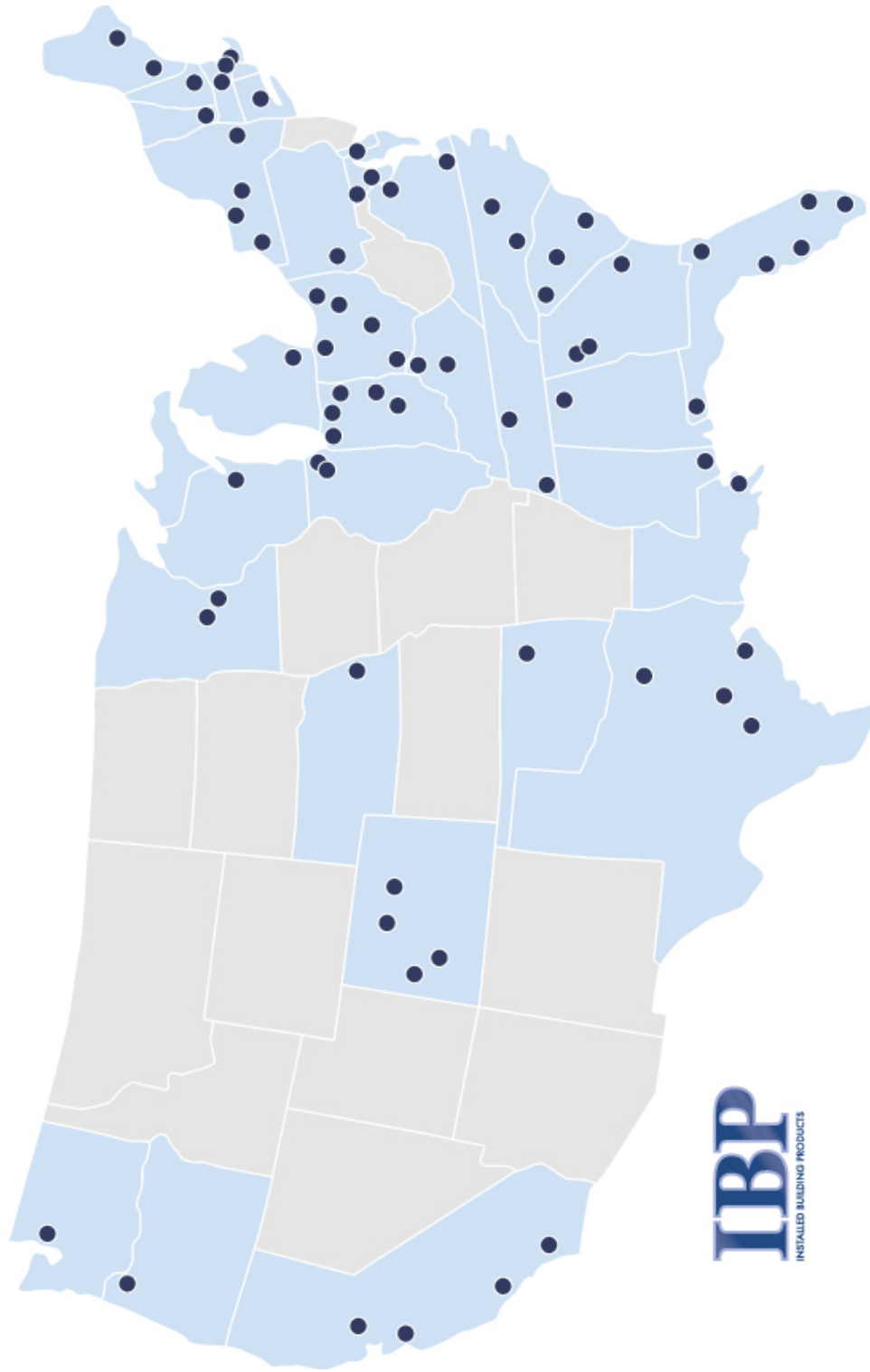
(1) Includes shares of common stock that may be purchased by the underwriters pursuant to their option to purchase additional shares of common stock.

(2) Estimated solely for purposes of determining the registration fee in accordance with Rule 457(a) under the Securities Act of 1933, as amended.

(3) Of this amount, \$12,880 has previously been paid.

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

Installed Building Products Branches



The information contained in this preliminary prospectus is not complete and may be changed. Neither we nor the selling stockholder may sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and we are not soliciting offers to buy these securities in any jurisdiction where the offer or sale is not permitted.

PRELIMINARY PROSPECTUS

Subject to Completion

February 3, 2014

9,000,000 Shares



Common Stock

This is the initial public offering of our common stock. No public market currently exists for our common stock. We are offering 6,750,000 shares of our common stock and the selling stockholder named in this prospectus is offering 2,250,000 shares of our common stock. We will not receive proceeds from the sale of shares by the selling stockholder. We expect the public offering price to be between \$14.00 and \$16.00 per share.

We have applied to list our common stock on the New York Stock Exchange, under the symbol "IBP."

We are an "emerging growth company" as defined under the federal securities laws and are eligible for reduced reporting requirements. See "Prospectus Summary—Implications of Being an Emerging Growth Company."

Investing in our common stock involves a high degree of risk. Before buying any shares, you should carefully read the discussion of material risks of investing in our common stock in "[Risk Factors](#)" beginning on page 15 of this prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	Per Share	Total
Public offering price	\$	\$
Underwriting discounts (1)	\$	\$
Proceeds, before expenses, to us	\$	\$
Proceeds, before expenses, to the selling stockholder	\$	\$

(1) See "Underwriting" for a complete description of the compensation payable to the underwriters and our financial advisor.

The underwriters may also purchase up to an additional 1,350,000 shares of our common stock from us at the public offering price, less underwriting discounts and commissions, within 30 days from the date of this prospectus. If the underwriters exercise this option in full, the total underwriting discounts will be \$, and the total proceeds, after underwriting discounts but before expenses, to us will be \$.

The underwriters are offering the common stock as set forth under "Underwriting." Delivery of the shares will be made on or about , 2014.

Deutsche Bank Securities

UBS Investment Bank

Zelman Partners LLC

BB&T Capital Markets

KeyBanc Capital Markets

SunTrust Robinson Humphrey

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You should rely only on the information contained in this prospectus and any free writing prospectus we may specifically authorize to be delivered or made available to you. We, the selling stockholder and the underwriters have not authorized anyone to provide you with additional or different information. The information contained in this prospectus or any free writing prospectus is accurate only as of its date, regardless of its time of delivery or of any sale of shares of our common stock. Our business, financial condition, results of operations and prospects may have changed since that date.

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This prospectus is an offer to sell only the shares offered hereby but only under circumstances and in jurisdictions where it is lawful to do so.

PRESENTATION OF MARKET AND INDUSTRY DATA AND INFORMATION

We obtained the industry, market and competitive position data used throughout this prospectus from our own internal estimates and research as well as from U.S. government and industry publications, studies and surveys. U.S. government and third-party industry sources include the U.S. Census Bureau, the National Association of Homebuilders, or NAHB, Blue Chip Economic Indicators, or Blue Chip, McGraw Hill Construction, Builder Magazine and the Joint Center of Housing Studies of Harvard University. The information derived from the sources cited in this prospectus generally represents the most recently available data and, therefore, we believe such data remains reliable. While we believe our internal company research is reliable, such research has not been verified by any independent source.

In this prospectus, we present a variety of housing market indicators, including building permits, housing starts and housing completions.

- A building permit is counted at the point in time a permit for construction is granted.
- A housing start is counted at the point in time excavation begins for the footings or foundation of a home.
- A housing completion is counted at the point in time installation of all finished flooring or carpeting of a home is completed.

Building permits and housing starts are both considered leading indicators of the state of the housing market. Alternatively, housing completions are considered a lagging indicator of the housing market. Statements in this prospectus relating to prospective trends in and forecasts of the housing market are based on housing starts or building permits, unless otherwise indicated.

References to the top ten largest homebuilders are based on Builder Magazine's 2012 Builder 100 list, which ranks U.S. single-family homebuilders based on the total number of home closings.

References to a housing market refer to a Metropolitan Statistical Area, or an MSA, which is an area that generally consists of at least one urbanized area of 50,000 or more inhabitants, plus adjacent territory that has a high degree of social and economic integration with the core area as measured by commuting ties. MSA boundaries are based on U.S. Census Bureau determinations as of March 2013. References to our locations refer to properties where we own or lease a facility. Our branches include one or more locations that typically share a common branch manager and administrative staff. We have multiple branches in certain of our markets. References to the markets that we serve or in which we operate are those markets within 50 miles of our locations.

Information in this prospectus relating to forecasts for U.S. housing starts is based on Blue Chip Economic Indicators, Top Analysts' Forecasts of the U.S. Economic Outlook for the Year Ahead dated January 10, 2014. Information in this prospectus relating to historical and forecast reports for commercial construction market starts is based on McGraw Hill Construction Dodge Reports, which are issued on a quarterly basis. We currently participate in many, but not all, categories of the commercial construction market included in the McGraw Hill Construction Dodge Reports.

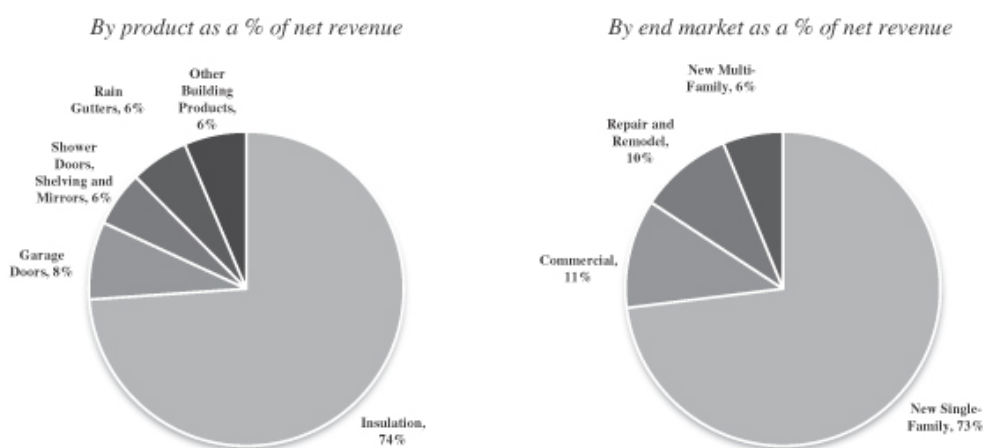
Prospectus Summary

This prospectus summary highlights certain information appearing elsewhere in this prospectus. As this is a summary, it does not contain all of the information that you should consider in making an investment decision. You should read the entire prospectus carefully, including the information under “Risk Factors,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our consolidated financial statements and the related notes thereto included elsewhere in this prospectus, before investing. This prospectus includes forward-looking statements that involve risks and uncertainties. See “Information Regarding Forward-Looking Statements.” Unless the context otherwise requires, the terms “IBP,” “the company,” “we,” “us” and “our” in this prospectus refer to Installed Building Products, Inc. and its subsidiaries.

OUR COMPANY

We are the second largest new residential insulation installer in the United States based on our internal estimates, with a national platform consisting of over 100 locations serving customers in 44 states. We believe we have the number one or two market position for new single-family insulation installation in more than half of the markets in which we operate, based on permits issued in those markets. We also install complementary building products, including garage doors, rain gutters, shower doors, closet shelving and mirrors, which provide cross-selling opportunities. For the nine months ended September 30, 2013, we generated net revenue of \$312.6 million, Adjusted EBITDA of \$16.3 million and net income of \$3.7 million. This represents a 49.0% increase in net revenue and a 3.1 times increase in Adjusted EBITDA as compared to the nine months ended September 30, 2012. Approximately 79% of our net revenue in the nine months ended September 30, 2013 was derived from sales to the U.S. residential new construction market.

Net Revenue for the nine-month period ended September 30, 2013



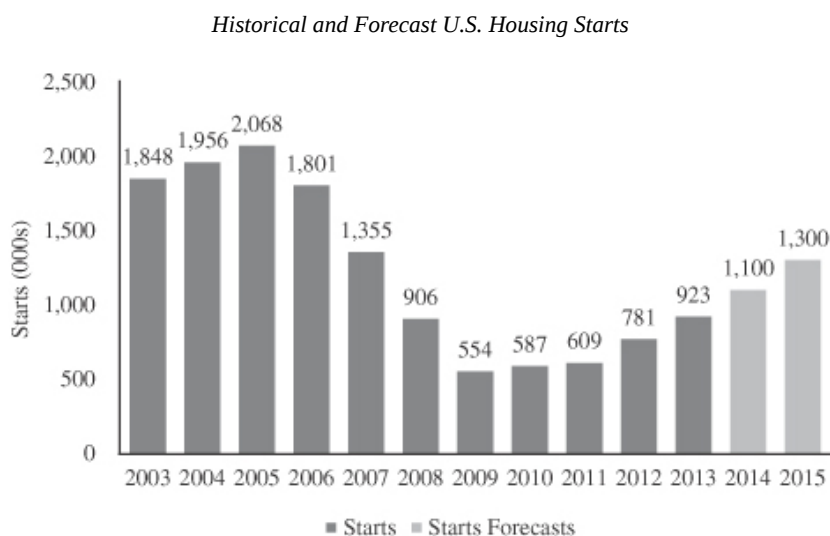
We manage all aspects of the installation process for our customers, from our direct purchase and receipt of materials from national manufacturers, to our timely supply of materials to job sites and quality installation. Installation of insulation, which includes air sealing, is a critical phase in the construction process, as certain interior work cannot begin until the insulation phase passes inspection. We benefit from our national scale, long-

standing supplier relationships and a broad customer base that includes production and custom homebuilders, multi-family and commercial contractors, and homeowners. During each of the past five years, no single customer accounted for more than 3% of our net revenue.

Our business began in 1977 with one location in Columbus, Ohio. In the late 1990s, we began our acquisition strategy with the goal of creating a national platform. Since 1999, we have successfully completed and integrated over 90 acquisitions, which has allowed us to generate significant scale and to diversify our product offering while expanding into some of the most attractive housing markets in the United States. Over the past several years, our net revenue has increased at a faster rate than our operating expenses, resulting in an improved cost structure and a more efficient and scalable operating model to improve our financial performance and returns on invested capital. We are well positioned to continue to grow our business through the ongoing housing recovery, market share gains and acquisitions. We estimate that we have grown our share of the U.S. residential new construction insulation installation market from approximately 5% as of December 31, 2005 to approximately 16% as of September 30, 2013, based on total U.S. housing completions.

INDUSTRY OVERVIEW AND TRENDS

Housing End Market. Our business is driven primarily by the U.S. residential new construction market. According to the U.S. Census Bureau, total housing starts averaged approximately 1.6 million per year from 1968 to 2006. From 2007 to 2012, housing starts averaged approximately 800,000 per year, reaching a low in 2009 of approximately 554,000. After remaining relatively flat in 2010 and 2011, the housing industry started to recover in 2012, with U.S. housing starts increasing to approximately 781,000, which was the highest level achieved since 2008.



Source: U.S. Census Bureau for historical starts data; Blue Chip for starts forecasts.

We believe that a new home construction recovery is currently underway on a national basis, which is being driven by key macroeconomic factors, including improved consumer confidence, increasing household formation and attractive levels of new home affordability. According to Blue Chip, housing starts are expected to grow by

19% in 2014 to reach approximately 1.1 million and by 18% in 2015 to reach approximately 1.3 million. We continuously monitor housing market growth trends across the United States in order to allocate our resources to maximize operating efficiencies and assess geographic expansion opportunities.

Other End Markets. We also install building products, including insulation, for the commercial construction and repair and remodel end markets. The McGraw Hill 2013 Dodge Construction Outlook (third quarter update) forecasts a 5% year-over-year increase in square footage for commercial construction in 2013 and a 17% year-over-year increase in 2014. We also expect to experience an increase in repair and remodel activity as the overall housing market recovery progresses.

Insulation Market. We compete primarily in the U.S. residential new construction insulation installation market, which we believe exceeded \$1.4 billion of sales in 2012 and \$4.0 billion of sales in 2005. Sales in the U.S. residential new construction insulation installation market are tied to trends in the housing market. We estimate that the top three insulation installers comprise approximately half of the total market. The remainder of the market is highly fragmented and is comprised primarily of smaller, privately owned, local companies, many of which lack scale and have limited access to capital.

Insulation and energy efficiency standards. The amount of insulation in a new home is regulated by various building and energy codes, which establish minimum thermal and air sealing performance requirements. These codes are typically updated with more stringent requirements every three years. The most recent of these code enhancements to be adopted is the 2012 International Energy Conservation Code, or the 2012 IECC. As of November 2013, six states and an additional 44 local jurisdictions had adopted the 2012 IECC, and the U.S. Department of Energy projects that 18 states will have adopted standards at the 2012 IECC level or higher by 2015. We believe that new residential insulation demand will increase as a result of increased adoption of the 2012 IECC by states and municipalities.

Installation and homebuilders. Builders value the benefits of using a qualified and experienced installer. These benefits include expertise in installing insulation and other products, knowledge of local building codes, timely supply of materials to job sites and management of installer labor. According to the NAHB, insulation comprises 1.8% of the total construction cost of a typical single-family home.

OUR COMPETITIVE STRENGTHS

We believe we benefit from the following competitive strengths:

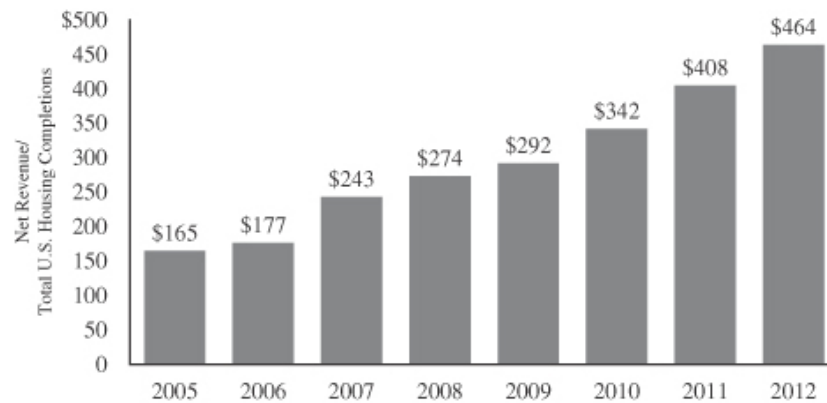
Local market leadership with national scale

- We are the second largest new residential insulation installer in the United States based on our internal estimates. We installed insulation in more than 70,000 homes in 2012 and operate in over 70% of the 50 largest housing markets across the United States, as measured by U.S. Census Bureau population estimates.
- Our local branch operations have earned a reputation for timely and quality installations, positioning us, we believe, as the number one or number two insulation installer for new single-family insulation installation in more than half of the markets we serve, based on permits issued in those markets.
- Our branches have expertise in local building codes and energy-efficient building practices, and strong working relationships with homebuilders and on-site construction managers.
- Our regional managers, local branch managers and sales force have significant experience in the industry and have spent an average of more than 10 years with our operations.

Proven ability to gain market share

- We estimate that we have increased our market share in the U.S. residential new construction insulation installation market from approximately 5% to approximately 16% from December 31, 2005 to September 30, 2013, based on total U.S. housing completions.
- We have increased our net revenue divided by total U.S. housing completions by 180% from 2005 to 2012. We believe that our ability to increase net revenue performance over this period, despite a 66% decline in the number of total U.S. housing completions over this period, was the result of acquiring local installation operations, gaining market share organically, cross-selling complementary installation services and installing more insulation per home due to the adoption of more energy efficient building codes.

Net Revenue Divided by Total U.S. Housing Completions



Source: U.S. Census Bureau for housing completions data.

Proven acquisition track record

- Since 1999, we have completed over 90 acquisitions.
- We have a proven ability to identify operations that meet our disciplined acquisition criteria and to successfully integrate them to realize synergies within our scalable infrastructure.
- Our ability to retain local employees, trademarks, trade names and long-term customers has been an important component of our successful acquisition strategy.

Highly efficient and scalable operating model

- Our national platform and long-standing supplier relationships allow us to leverage economies of scale to deliver attractive margins.
- Our web-based information system facilitates the complete proposal-to-collection process with a customizable platform that supports local market needs, while also enabling efficient centralized accounting and in-depth data analysis.
- Our local branch operations benefit from dedicated corporate services related to purchasing, safety practices, claims and risk management, regulatory compliance and human resources support.

Highly experienced and incentivized management team

- Our management team has led us through multiple housing industry cycles, providing valuable continuity and a demonstrated ability to improve operations and grow our business both organically and through acquisitions.
- Each of our executive officers has more than 10 years of experience with us. They and our regional presidents average more than 20 years of experience in the building products and construction industries.
- Our senior management team is highly incentivized to succeed. Jeff Edwards, our Chief Executive Officer and Chairman, and our directors and executive officers will beneficially own approximately 41% and 68%, respectively, of our common stock after this offering.

OUR GROWTH STRATEGY

Our objective is to leverage our competitive strengths to increase stockholder value through the following key strategies.

Capitalize on the new construction market recovery

- Approximately 79% of our net revenue in the nine months ended September 30, 2013 was derived from sales to the U.S. residential new construction market. According to Blue Chip, housing starts are expected to grow by approximately 19% in 2014 and approximately 18% in 2015.
- We estimate that our current addressable market, measured by the total number of permits issued in the markets we serve, has grown from approximately 24% of total new U.S. residential building permits for the year ended December 31, 2005 to approximately 55% for the nine months ended September 30, 2013.
- Our diversified customer base includes an attractive mix of production and custom homebuilders, ranging from national home builders to regional and local homebuilders as well as multi-family and commercial contractors, which we believe will enable us to grow through all stages of the housing recovery.
- We will continue to emphasize sourcing direct from manufacturers, local pricing discipline and working capital management to maximize our operating leverage and improve our market position.

Continue to gain market share through organic growth

- We believe we will continue to gain organic market share, aided by our national scale and local presence, quality service and ability to hire, train and retain installers.
- We expect to continue to strengthen our leading national market position, as many of our competitors lack the access to capital required to keep pace with the U.S. housing market recovery.
- We will continue to pursue cross-selling opportunities in garage doors, rain gutters, shower doors, closet shelving and mirrors and other complementary products. We estimate that our net revenue contributed by these products divided by total U.S. housing completions has grown from approximately \$51 in 2005 to approximately \$120 in 2012, a 135% increase.

Pursue value-enhancing strategic acquisitions

- The highly fragmented nature of our industry allows for both geographic expansion and existing market tuck-in acquisitions.
- We will continue to identify and pursue strategic acquisitions, based on our acquisition criteria that include local brand strength and quality of the local management and labor force.
- We believe we will continue to achieve synergies from our acquisitions due to our national buying power, value-enhancing technology and proven operating platform.

Maximize benefits from energy efficiency standards and industry trends

- We expect to increase our net revenue as building codes continue to require higher energy efficiency and homeowners become more focused on energy conservation.
- A return to the historic mix of single-family and multi-family new home construction activity, as forecasted by the NAHB, is expected to further increase insulation demand.
- Approximately 11% of our net revenue was derived from sales made to the commercial construction end market for the nine months ended September 30, 2013. According to the McGraw Hill 2013 Dodge Construction Outlook (third quarter update), square footage for commercial construction starts is expected to increase 5% year-over-year in 2013 and 17% year-over-year in 2014.

RECENT DEVELOPMENTS

For the three months ended December 31, 2013, we expect to report net revenue in the range of \$112 million to \$122 million as compared to \$91.4 million for the three months ended December 31, 2012. We also expect to report net revenue in the range of \$425 million to \$435 million for the year ended December 31, 2013 as compared to \$301.3 million for the year ended December 31, 2012. The increase in net revenue for these periods is primarily attributable to growth in the number of completed jobs in the residential new construction end market and revenue from acquisitions. The increase was also attributable to other factors including customer and product mix, market pricing variations and insulation volumes driven by building code requirements.

We have provided a range, rather than a specific amount, for the preliminary results described above primarily because our financial closing procedures for the year ended December 31, 2013 are not yet complete and, as a result, we expect that our final results upon completion of our closing procedures may vary from the preliminary estimates within the ranges as described above. We are not able to provide an estimated range for net income or Adjusted EBITDA as we have not yet finalized the amounts used to calculate net income or Adjusted EBITDA. We expect to complete our closing procedures with respect to the year ended December 31, 2013 after the completion of this offering. Our auditors have not yet completed their audit of our results for the year ended December 31, 2013. The estimates were prepared by our management, based upon a number of assumptions, in connection with preparation of our financial statements and completion of the year-end audit. Additional items that would require material adjustments to the preliminary financial information may be identified. Estimates of results are inherently uncertain and subject to change, and we undertake no obligation to update this information. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policy and Estimates,” “Risk Factors—Risks Associated With Our Business” and “Information Regarding Forward-Looking Statements.”

RISKS ASSOCIATED WITH OUR BUSINESS

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

- our dependence on the residential construction industry, the economy and the credit markets;
- uncertainty regarding the housing recovery;
- declines in the economy or expectations regarding the housing recovery that could lead to additional significant impairment charges;
- the cyclical and seasonal nature of our business;

- our exposure to severe weather conditions;
- the highly fragmented and competitive nature of our industry;
- product shortages or the loss of key suppliers;
- changes in the costs and availability of products;
- inability to successfully acquire and integrate other businesses;
- our exposure to claims arising from our acquired operations;
- our reliance on key personnel;
- our ability to attract, train and retain qualified employees while controlling labor costs;
- our exposure to product liability, workmanship warranty, casualty, construction defect and other claims and legal proceedings;
- changes in, or failure to comply with, federal, state, local and other regulations;
- we are a holding company and conduct all of our operations through our subsidiaries;
- disruptions in our information technology systems; and
- our ability to implement and maintain effective internal control over financial reporting and remediate any outstanding material weakness and significant deficiencies.

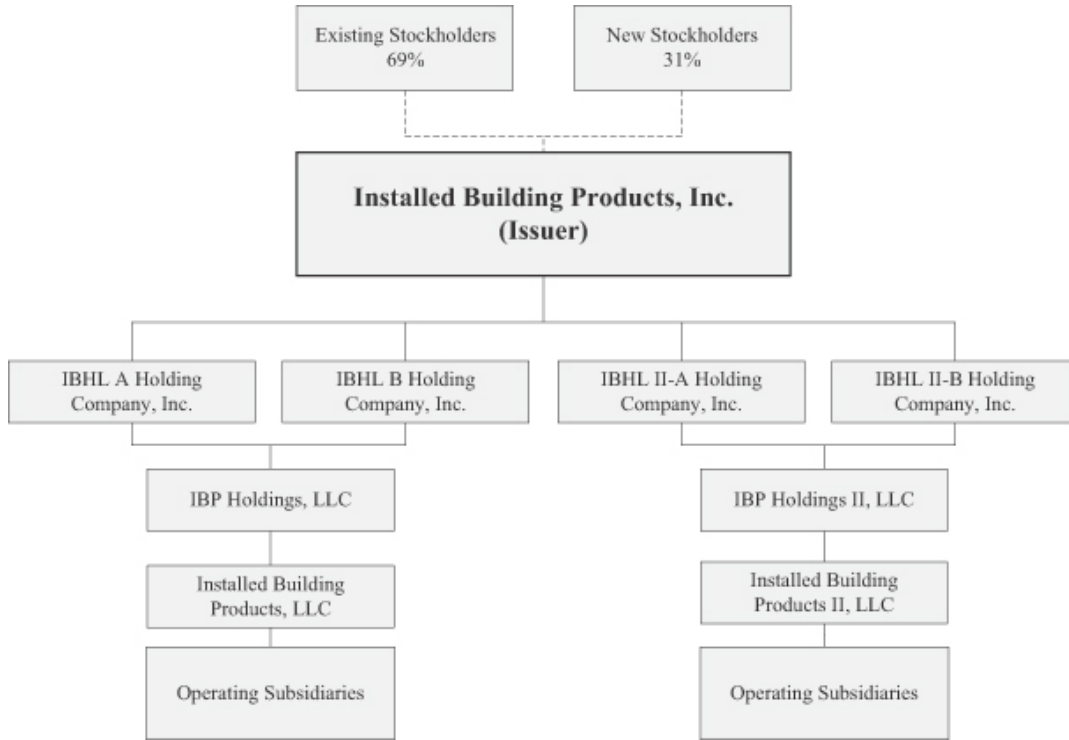
OUR PRINCIPAL INVESTORS

Our management team is led by Jeff Edwards, who has been our Chief Executive Officer since 2004 and Chairman of our Board of Directors since 1999. Jeff Edwards and members of his family have started, acquired and invested in companies for more than 40 years across a variety of industries, including multi-family and student housing development and management, industrial tool distribution, wholesale building supply, homebuilding, land and real estate development, and real estate brokerage. Collectively, these companies are referred to as the Edwards Companies. Jeff Edwards, Peter Edwards Jr., Anne Edwards and Michael Edwards, and the investment entities through which they directly and indirectly beneficially own shares of our common stock, are referred to herein as the Edwards Investors. Jeff Edwards has voting and dispositive control over all of the shares of our common stock owned by the Edwards Investors. Peter Edwards Jr., Anne Edwards and Michael Edwards are not currently and have not been directors, officers or employees of our company. Jeff Edwards will beneficially own approximately 41% of our common stock after this offering.

Littlejohn Management Holdings, LLC is a private equity firm that seeks investment opportunities in middle-market companies undergoing a fundamental change in capital structure, strategy, operations or growth. Since the firm was founded in 1996, Littlejohn has made equity investments of approximately \$2.0 billion in over 30 platform portfolio companies and many add-on acquisitions. As of September 30, 2013, the firm has approximately 25 investment professionals, ten of whom are partners with extensive investment and operating experience. Littlejohn Management Holdings, LLC and its affiliates, including Littlejohn Fund IV, L.P., are collectively referred to herein as Littlejohn. Littlejohn will beneficially own approximately 17% of our common stock after this offering.

COMPANY INFORMATION

Installed Building Products, Inc. (formerly, CCIB Holdco, Inc.) is a Delaware corporation formed on October 28, 2011 in connection with our Recapitalization. Installed Building Products, Inc. is a holding company that derives all of its operating income from its subsidiaries. Our organization and ownership structure following this offering is presented below:



Our principal executive offices are located at 495 South High Street, Suite 50, Columbus, Ohio 43215. Our main telephone number is (614) 221-3399. Our corporate internet website address is www.installdbuildingproducts.com. The information contained in, or that can be accessed through, our websites is not incorporated by reference and is not a part of this prospectus.

IMPLICATIONS OF BEING AN EMERGING GROWTH COMPANY

We qualify as an “emerging growth company” as defined in the Jumpstart our Business Startups Act of 2012, or the JOBS Act. An emerging growth company may take advantage of specified reduced reporting and other requirements that are otherwise applicable generally to public companies. These provisions include:

- a requirement to have only two years of audited financial statements and only two years of related selected financial data and management’s discussion and analysis of financial condition and results of operations disclosure;
- an exemption from the auditor attestation requirement in the assessment of internal control over financial reporting pursuant to the Sarbanes-Oxley Act of 2002, or the Sarbanes-Oxley Act;
- reduced disclosure about executive compensation arrangements; and
- no requirement to seek non-binding advisory votes on executive compensation or golden parachute arrangements.

We may take advantage of the provisions listed above until we are no longer an emerging growth company. We will remain an emerging growth company until the earlier of (1) the last day of the fiscal year (a) following the fifth anniversary of the completion of this offering, (b) in which we have total annual gross revenue of at least \$1.0 billion or (c) in which we are deemed to be a large accelerated filer, which means the market value of our common stock that is held by non-affiliates exceeds \$700 million as of the prior June 30th, and (2) the date on which we have issued more than \$1.0 billion in non-convertible debt during the prior three-year period. We may choose to take advantage of some but not all of these reduced disclosure requirements.

The JOBS Act also permits emerging growth companies to take advantage of an extended transition period to comply with new or revised accounting standards applicable to public companies. We are choosing to “opt out” of this provision and, as a result, we will comply with new or revised accounting standards as required when they are adopted. This decision to opt out of the extended transition period is irrevocable.

The Offering

Common stock offered by us	6,750,000 shares (or 8,100,000 shares if the underwriters exercise their option to purchase additional shares in full).
Common stock offered by the selling stockholder	2,250,000 shares.
Common stock to be outstanding after this offering	28,783,901 shares (or 30,133,901 shares if the underwriters exercise their option to purchase additional shares in full).
Option to purchase additional shares	We have granted the underwriters a 30-day option to purchase up to 1,350,000 additional shares of our common stock.
Use of proceeds	<p>We expect to receive net proceeds from this offering of approximately \$87.0 million, or approximately \$105.9 million if the underwriters exercise their option to purchase additional shares of our common stock in full, assuming an initial public offering price of \$15.00 per share, which is the midpoint of the price range set forth on the cover page of this prospectus, after deducting the underwriting discount and estimated offering expenses payable by us.</p> <p>We intend to use the net proceeds from this offering (including any additional proceeds that we may receive if the underwriters exercise their option to purchase additional shares of our common stock) to repurchase all of our outstanding preferred stock from Littlejohn for total consideration of \$75.7 million, to repay a portion of our outstanding indebtedness and the balance for general corporate purposes. See “Use of Proceeds.”</p> <p>We will not receive any proceeds from the sale of shares of our common stock in this offering by the selling stockholder.</p>
Dividend policy	We currently intend to retain any future earnings to finance the development and expansion of our business and, therefore, do not intend to pay dividends on our common stock for the foreseeable future. Our ability to pay dividends on our common stock will be limited by our revolving credit facility. Any future determination to pay dividends will be at the discretion of our board of directors and will depend on our financial condition, results of operations, capital requirements, contractual restrictions, legal requirements and such other factors as our board of directors deems relevant. See “Dividend Policy.”
Proposed New York Stock Exchange symbol	We have applied to list our common stock on the New York Stock Exchange, or NYSE, under the symbol “IBP.”
Risk factors	Investing in our common stock involves a high degree of risk. See “Risk Factors” beginning on page 15 of this prospectus for a discussion of factors you should carefully consider before deciding to invest in our common stock.

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The number of shares of our common stock outstanding after this offering is based on 22,033,901 shares of our common stock outstanding as of January 1, 2014 and excludes 3,000,000 shares of common stock that will be reserved for issuance under our 2014 Omnibus Incentive Plan. Unless otherwise indicated, all information in this prospectus assumes:

- a 19.5-for-one stock split of our common stock to be effected prior to the effectiveness of the registration statement of which this prospectus forms a part, or the stock split;
- the filing and effectiveness of our amended and restated certificate of incorporation and the adoption of our amended and restated bylaws, which will occur immediately prior to the effectiveness of the registration statement of which this prospectus forms a part;
- the repurchase by us of all of our outstanding preferred stock from Littlejohn for total consideration of \$75.7 million; and
- no exercise by the underwriters of their option to purchase additional shares of our common stock.

Summary Consolidated Financial Data

The summary consolidated financial data for each of the two years ended December 31, 2011 and 2012 has been derived from our audited consolidated financial statements that are included elsewhere in this prospectus. The summary consolidated statements of operations data for the nine months ended September 30, 2012 and 2013 and the summary consolidated balance sheet data as of September 30, 2013 have been derived from our unaudited consolidated financial statements that are included elsewhere in this prospectus. Our historical results for any prior period are not necessarily indicative of results expected in any future period.

The following data should be read in conjunction with the information under “Capitalization” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our consolidated financial statements and the related notes thereto included elsewhere in this prospectus.

	Year ended December 31,		Nine months ended September 30,	
	2011	2012	2012	2013
(in thousands, except share and per share data)				
Statement of operations information:				
Net revenue	\$ 238,447	\$ 301,253	\$ 209,855	\$ 312,599
Cost of sales	181,221	227,210	157,616	234,121
Gross profit	57,226	74,043	52,239	78,478
Operating expenses				
Selling	18,446	19,807	14,443	18,454
Administrative (1)(2)	45,678	56,333	41,274	49,183
Management fees, related parties (2)	4,760	4,300	—	—
Gain on litigation settlement	—	(6,975)	—	—
Amortization	3,785	3,082	2,300	2,301
Impairment of intangibles	1,687	352	—	—
Other	—	(960)	(960)	—
Operating (loss) income	(17,130)	(1,896)	(4,818)	8,540
Other expense (income)				
Interest expense	3,673	1,979	1,476	1,657
Interest expense, related parties	3,321	—	—	—
Gain on extinguishment of debt	(18,542)	—	—	—
Other	159	(136)	(135)	(24)
(Loss) income before income taxes	(5,741)	(3,739)	(6,159)	6,907
Income tax provision	1,449	555	510	2,646
Net (loss) income from continuing operations	(7,190)	(4,294)	(6,669)	4,261
Loss (income) from discontinued operations	2,455	(3,835)	530	960
Income tax (benefit) provision	(660)	1,447	(200)	(362)
Loss (income) from discontinued operations, net of tax	1,795	(2,388)	330	598
Net (loss) income	\$ (8,985)	\$ (1,906)	\$ (6,999)	\$ 3,663
Accretion charges on Series A Redeemable Preferred Stock	(811)	(5,529)	(4,085)	(4,597)
Accretion charges on Pre-Recapitalization Preferred Units	(1,621)	—	—	—
Gain on extinguishment of Pre-Recapitalization Preferred Units	85,040	—	—	—
Net income (loss) attributable to common stockholders	\$ 73,623	\$ (7,435)	\$ (11,084)	\$ (934)
Net income (loss) per share attributable to common stockholders (basic and diluted):				
Continuing operations	\$ 3.87	\$ (0.49)	\$ (0.54)	\$ (0.01)
Discontinued operations	(0.09)	0.12	(0.02)	(0.03)
Net income (loss) per share:	\$ 3.78	\$ (0.37)	\$ (0.56)	\$ (0.04)
As adjusted net income (loss) per share attributable to common stockholders (basic and diluted) (3)(4):				
Continuing operations	\$ 2.91	\$ (0.16)	\$ (0.25)	\$ 0.15
Discontinued operations	(0.07)	0.09	(0.01)	(0.02)
Net income (loss) per share:	\$ 2.84	\$ (0.07)	\$ (0.26)	\$ 0.13
Weighted average number of shares outstanding:				
Basic and diluted	19,499,993	20,351,552	19,786,676	22,033,901
As adjusted basic and diluted (4)	26,249,993	27,101,552	26,536,676	28,783,901

(in thousands)	As of December 31,		As of September 30,
	2011	2012	2013
Balance sheet data:			
Cash	\$ 2,528	\$ 3,898	\$ 5,270
Total current assets	56,554	75,768	93,733
Property and equipment, net	8,198	17,931	29,524
Total assets	127,526	160,752	189,687
Total funded debt (5)	21,255	30,075	46,790
Mezzanine equity (6)	59,587	66,861	104,566
Total stockholders' equity	(9,560)	(7,482)	(41,524)
Total mezzanine equity and stockholders' equity	50,027	59,379	63,042

(in thousands, except percentages and net revenue per completion)	Year ended December 31,		Nine months ended September 30,	
	2011	2012	2012	2013
Statement of cash flows:				
Net cash (used in) provided by:				
Operating activities	\$(12,755)	\$ 4,594	\$(2,173)	\$ 2,617
Investing activities	181	(2,743)	(106)	(1,551)
Financing activities	11,945	(481)	5,395	306
Other financial data:				
Adjusted EBITDA (7)	\$ (6,563)	\$ 6,205	\$ 5,173	\$ 16,272
Adjusted EBITDA margin (7)	(2.8)%	2.1%	2.5%	5.2%
Net revenue divided by total U.S. housing completions	\$ 408	\$ 464	\$ 454	\$ 572

- (1) In 2010, IBP Management Holdings, LLC, one of our stockholders, and in 2011, IBP Investment Holdings, LLC, one of our principal stockholders, issued awards of their equity interests to certain of our employees. Certain of these employees were granted rights to put such equity awards during a limited period to Jeff Edwards, our Chairman, Chief Executive Officer and President. Accounting guidance requires that the compensation associated with these equity awards be pushed down to us and recorded as non-cash compensation expense. The non-cash compensation expense associated with the equity awards approximated \$0.8 million for the year ended December 31, 2011, \$4.7 million for the year ended December 31, 2012, \$4.6 million for the nine months ended September 30, 2012 and \$0 for the nine months ended September 30, 2013 and is included in administrative expenses.
- (2) For the year ended December 31, 2011, management fees represented amounts charged to us by IBP Holding Company, a related party, under agreements originally entered into in March 2004 and October 2007, which were terminated as a result of our Recapitalization. The associated expenses were transferred to us and the IBP Holding Company personnel became our employees in January 2012. For the year ended December 31, 2012, management fees were paid to Littlejohn Managers, LLC (\$1.1 million), Jeff Edwards (\$2.7 million) and TCI Holdings, LLC (\$0.5 million) pursuant to an agreement dated December 18, 2012, which was terminated on November 22, 2013. No similar fees were charged during 2013, and we do not expect to incur management fees going forward. Prior to November 1, 2013, Jeff Edwards served as a consultant and non-employee officer to us. As such, he did not receive salary or bonus for 2012. The costs of Jeff Edwards' services were paid through the management agreements discussed above. See the sections of this prospectus captioned "Compensation of our Executive Officers and Directors" and "Certain Relationships and Related-Party Transactions—Management Agreements." Jeff Edwards did not receive any compensation during the nine months ended September 30, 2013. In anticipation of this offering and with a view towards operating as a public company, we entered into an employment agreement with Jeff Edwards on November 1, 2013 that will pay Mr. Edwards a minimum annual base salary of \$600,000 and provide him an opportunity to participate in the Company's annual incentive and benefit programs. Compensation paid by us to Mr. Edwards on or after November 1, 2013 will be recorded as an administrative expense in our consolidated statement of operations. As a result of the foregoing, our performance for the period ended September 30, 2013 will not be comparable in this respect to our operations in prior or subsequent periods and may not be indicative of future results.
- (3) Our net income (loss) attributable to common stockholders has been adjusted to reflect the elimination of the accretion charges on the Series A Preferred Stock upon the consummation of this offering.
- (4) Assumes the issuance of 6,750,000 additional shares as a result of this offering.
- (5) Total funded debt consists of current and long-term portions of long-term debt and capital lease obligations.
- (6) Consists of Series A Preferred Stock and Redeemable Common Stock.

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- (7) Adjusted EBITDA measures performance by adjusting net income (loss) to exclude interest expense, income tax expense (benefit), depreciation and amortization, or EBITDA, and adjusts for certain income and expense items that are not considered part of our core operations. The Adjusted EBITDA margin takes Adjusted EBITDA and divides it by net revenue. See “Non-GAAP Measures” in the section of this prospectus captioned “Management’s Discussion and Analysis of Financial Condition and Results of Operations.”

The following table presents a reconciliation of Adjusted EBITDA to Net (loss) income, the most comparable GAAP measure, for each of the periods indicated.

(in thousands)	Year ended		Nine months ended	
	December 31,	2012	2012	September 30,
	2011	2012	2012	2013
Net (loss) income	\$ (8,985)	\$(1,906)	\$(6,999)	\$ 3,663
Interest expense	6,994(a)	1,979	1,476	1,657
Provision for income taxes (b)	1,449	555	510	2,646
Depreciation and amortization	<u>9,087</u>	<u>7,894</u>	<u>5,539</u>	<u>8,306</u>
EBITDA	8,545	8,522	526	16,272
Gain on extinguishment of debt (c)	(18,542)	—	—	—
Recapitalization transaction fees (d)	2,654	—	—	—
Legal settlement (e)	—	(6,975)	—	—
Non-cash stock compensation (f)	<u>780</u>	<u>4,658</u>	<u>4,647</u>	<u>—</u>
Adjusted EBITDA	<u>\$ (6,563)</u>	<u>\$ 6,205</u>	<u>\$ 5,173</u>	<u>\$ 16,272</u>

- a. Consists of interest expense of \$3,673 on debt and related-party interest of \$3,321. The related-party interest was forgiven in connection with our Recapitalization.
- b. Excludes income taxes related to discontinued operations.
- c. Represents the gain recorded in the 2011 Consolidated Statement of Operations related to the extinguishment of certain first lien senior secured indebtedness in connection with our Recapitalization.
- d. Represents expenses related to the Recapitalization.
- e. Represents the settlement in 2012 of a class action lawsuit in which we were one of the plaintiffs. The lawsuit related to excess material prices being charged by certain manufacturers.
- f. In 2010, IBP Management Holdings, LLC and, in 2011, IBP Investment Holdings, LLC issued awards of their equity interests to certain of our employees. Certain of these employees were granted rights to put such equity awards during a limited period to Jeff Edwards, our Chairman, Chief Executive Officer and President. Accounting guidance requires that the compensation associated with these equity awards be pushed down to us and recorded as non-cash compensation expense.

Risk Factors

Investing in our common stock involves a high degree of risk. You should consider carefully the risks and uncertainties described below, together with all of the other information in this prospectus, including our consolidated financial statements and related notes included elsewhere in this prospectus, before making an investment decision. If any of the following risks are realized, our business, financial condition, results of operations and prospects could be materially and adversely affected. In that event, the trading price of our common stock could decline and you could lose part or all of your investment.

RISKS ASSOCIATED WITH OUR BUSINESS

Our business is dependent on the residential construction industry, the economy, the credit markets and other important factors, many of which are beyond our control.

We are highly dependent on the level of new home construction, which in turn is dependent upon a number of factors, including interest rates, consumer confidence, employment rates, foreclosure rates, housing inventory levels, housing demand and the health of the economy and mortgage markets. Unfavorable changes in demographics, credit markets, political conditions, consumer confidence, household formation, housing affordability or housing inventory levels, or a weakening of the national economy or of any regional or local economy in which we operate, could adversely affect consumer spending, result in decreased demand for homes and adversely affect our business. Additional headwinds may come from the efforts and proposals of lawmakers to reduce the debt of the federal government and/or solve state budget shortfalls through tax increases and/or spending cuts, and financial markets' and businesses' reactions to those efforts and proposals, which could impair economic growth.

The housing market recovery faces significant challenges.

While some of the challenges facing the housing market moderated in 2012, several remain, and these challenges could return and/or intensify to limit the extent of any recovery of or future improvement in housing market conditions. These challenges include (i) weak general economic and employment growth that, among other things, limits consumer incomes, consumer confidence and demand for homes; (ii) elevated levels of mortgage loan delinquencies, defaults and foreclosures that could add to an inventory of lender-owned homes that may be sold in competition with new and resale homes at low distressed prices or that generate short sales activity at such price levels; (iii) a significant number of homeowners whose outstanding principal balance on their mortgage loan exceeds the market value of their home, which undermines their ability to purchase another home that they otherwise might desire and be able to afford; (iv) volatility and uncertainty in U.S. financial, credit and consumer lending markets amid slow growth or recessionary conditions; and (v) tight lending standards and practices for mortgage loans that limit consumers' ability to qualify for mortgage financing to purchase a home, including increased minimum credit score requirements, credit risk/mortgage loan insurance premiums and/or other fees and required down payment amounts, more conservative appraisals, higher loan-to-value ratios and extensive buyer income and asset documentation requirements. Given these factors, the present housing recovery may not continue or gain further momentum, which could adversely affect our business, financial condition and results of operations.

The present housing recovery is relative to the historically low levels of home sales and residential new construction activity experienced during the recent housing downturn. Even with the upturn in 2012, new home construction remains well below, and may not return to, the peak levels reached shortly before the housing downturn began in 2006. In addition, we operate in certain markets where new home construction lags the housing recovery. If the present new home construction recovery stalls or does not continue at the same pace, or any or all of the negative factors described above persist or worsen, there would likely be a corresponding adverse effect on the new home construction market, which would have a material adverse effect on our business and our consolidated financial statements, including, but not limited to, the amount of revenues we generate and our ability to operate profitably.

A decline in the economy and a deterioration in expectations regarding the housing recovery could result in our taking additional significant non-cash impairment charges, which may reduce our financial resources and flexibility and could negatively affect our earnings and reduce stockholders' equity.

During 2010, we recorded a \$64.3 million goodwill impairment charge. We did not record any goodwill impairment charges in 2011 or 2012 or the nine months ended September 30, 2013; however, a decline in the expectation of our future performance or deterioration in expectations regarding the timing and the extent of the recovery of new home construction and home improvement may cause us to recognize additional non-cash, pre-tax impairment charges for goodwill and other indefinite-lived intangible assets or other long-lived assets, which are not determinable at this time. In addition, as a result of our acquisition strategy, we will likely record additional goodwill and may incur impairment charges in connection with prior and future acquisitions. If the value of goodwill or other intangible assets is impaired, our earnings and stockholders' equity would be adversely affected. In addition, if future acquisitions are not successful, we may record additional unexpected impairment charges.

Further, our revolving credit facility contains financial covenants that we must comply with, including covenants regarding limits on our debt to total capitalization ratio. We expect any future credit facility that we may enter into would contain similar covenants. If we record additional non-cash impairment charges, our stockholders' equity would be reduced, and our borrowing capacity under our new credit facility may be limited or we may need to seek waivers or amendments and there can be no assurance that these will be attainable on commercially reasonable terms or at all. Alternative financing may not be available on acceptable terms and at acceptable rates, if at all.

Our business is cyclical and significantly affected by changes in general and local economic conditions.

Demand for our services is cyclical and highly sensitive to general and local economic conditions over which we have no control, including changes in:

- the number of new home and commercial building construction starts;
- short- and long-term interest rates;
- inflation;
- employment levels and job and personal income growth;
- housing demand from population growth, household formation and other demographic changes;
- availability and pricing of mortgage financing for homebuyers and commercial financing for developers of multi-family homes and subcontractors;
- consumer confidence generally and the confidence of potential homebuyers in particular;
- U.S. and global financial system and credit market stability;
- private party and government mortgage loan programs and federal and state regulation, oversight and legal action regarding lending, appraisal, foreclosure and short sale practices;
- federal and state personal income tax rates and provisions, including provisions for the deduction of mortgage loan interest payments, real estate taxes and other expenses; and
- federal, state and local energy efficiency programs, regulations, codes and standards.

Adverse changes in these conditions may affect our business generally or may be more prevalent or concentrated in particular markets in which we operate. Any deterioration in economic conditions or continuation of uncertain economic conditions could have a material adverse effect on our business, financial condition, results of operations and prospects.

Our business may be affected by severe weather conditions and is seasonal.

Severe weather conditions, such as unusually prolonged cold conditions, rain, blizzards or hurricanes, could accelerate, delay or halt construction or installation activity. The impact of these types of events on our business may adversely impact our net revenue, cash flows from operations and results of operations. If net revenue were to fall substantially below what we would normally expect during certain periods, our financial results would be adversely impacted.

We tend to have higher sales during the second half of the year as our homebuilder customers complete construction of homes placed under contract for sale in the traditionally stronger spring selling season. In addition, some of our larger branches operate in states more impacted by winter weather and as such experience a slowdown in construction activity during the first quarter of the calendar year. This winter slowdown contributes to traditionally lower sales in our first quarter.

Our industry is highly fragmented and competitive, and increased competitive pressure may adversely affect our business, financial condition, results of operations and cash flows.

The building products installation industry is highly fragmented and competitive. We face significant competition from other national, regional and local companies. Any of these competitors may (i) foresee the course of market development more accurately than we do, (ii) offer services that are deemed superior to ours, (iii) install building products at a lower cost, (iv) develop stronger relationships with homebuilders and suppliers, (v) adapt more quickly to new technologies, new installation techniques or evolving customer requirements or (vi) have access to financing on more favorable terms than we can obtain in the market. As a result, we may not be able to compete successfully with them. If we are unable to compete effectively, our business, financial condition, results of operations and cash flows may be adversely affected.

Product shortages or the loss of key suppliers could affect our business, financial condition, results of operations and cash flows.

Our ability to offer a wide variety of products to our customers is dependent upon our ability to obtain adequate product supply from manufacturers. We do not typically enter into long-term agreements with our suppliers. Generally, our products are available from various sources and in sufficient quantities. However, the loss of, or a substantial decrease in the availability of, products from our suppliers or the loss of key supplier arrangements could adversely impact our business, financial condition, results of operations and cash flows. In prior downturns in the housing industry, manufacturers have reduced capacity by closing plants and production lines within plants. Even if such capacity reductions are not permanent, there may be a delay in manufacturers' ability to increase capacity in times of rising demand. If the demand for products from manufacturers and other suppliers exceeds the available supply, we may be unable to source additional products in sufficient quantity or quality in a timely manner and the prices for the products that we install could rise. These developments could affect our ability to take advantage of market opportunities and limit our growth prospects. Our largest supplier, Owens Corning, accounted for approximately 22%, and our three largest suppliers in aggregate accounted for approximately 42%, of our material purchases in 2012. For the nine months ended September 30, 2013, Owens Corning accounted for approximately 24% of our material purchases and our three largest suppliers in the aggregate accounted for approximately 45%.

Failure by our suppliers to continue to provide us with products on commercially favorable terms, or at all, could put pressure on our operating margins or have a material adverse effect on our financial condition, operating results and cash flows. Our inability to source materials in a timely manner could also damage our relationships with our customers.

Changes in the costs of the products we install can decrease our profit margins.

The principal building products that we install have been subject to price changes in the past, some of which have been significant. Our results of operations for individual quarters can be and have been hurt by a delay between

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the time building product cost increases are implemented and the time we are able to increase prices for our products, if at all. Our supplier purchase prices often depend on volume requirements. If we do not meet these volume requirements, our costs could increase and our margins may be adversely affected. In addition, while we have been able to achieve cost savings through volume purchasing and our relationships with suppliers, we may not be able to continue to receive advantageous pricing for the products that we install, which could have a material adverse effect on our financial condition, results of operations and cash flows.

We may be unable to successfully acquire and integrate other businesses.

We may be unable to continue to grow our business through acquisitions. We may not be able to continue to identify suitable acquisition candidates and may face increased competition for these acquisition candidates. In addition, acquired businesses may not perform in accordance with expectations, and our business judgments concerning the value, strengths and weaknesses of acquired businesses may not prove to be correct. We may also be unable to achieve expected improvements or achievements in businesses that we acquire. At any given time, we may be evaluating or in discussions with one or more acquisition candidates, including entering into non-binding letters of intent. Future acquisitions may result in the incurrence of debt and contingent liabilities, legal liabilities, goodwill impairments, increased interest expense and amortization expense and significant integration costs.

Acquisitions involve a number of special risks, including:

- our inability to manage acquired businesses or control integration costs and other costs relating to acquisitions;
- potential adverse short-term effects on operating results from increased costs or otherwise;
- diversion of management's attention;
- failure to retain existing key personnel of the acquired business and recruit qualified new employees at the location;
- failure to successfully implement infrastructure, logistics and systems integration;
- potential impairment of goodwill;
- risks associated with the internal controls of acquired companies;
- exposure to legal claims for activities of the acquired business prior to acquisition and inability to realize on any indemnification claims, including with respect to environmental and immigration claims;
- the risks inherent in the systems of the acquired business and risks associated with unanticipated events or liabilities; and
- our inability to obtain financing necessary to complete acquisitions on attractive terms or at all.

Our strategy could be impeded if we do not identify, or face increased competition for, suitable acquisition candidates and our business, financial condition and results of operations could be adversely affected if any of the foregoing factors were to occur.

We may be subject to claims arising from the operations of our various businesses for periods prior to the dates we acquired them.

We have consummated over 90 acquisitions. We may be subject to claims or liabilities arising from the ownership or operation of acquired businesses for the periods prior to our acquisition of them, including environmental, employee-related and other liabilities and claims not covered by insurance. These claims or liabilities could be significant. Our ability to seek indemnification from the former owners of our acquired businesses for these claims or liabilities may be limited by various factors, including the specific time, monetary or other limitations contained in the respective acquisition agreements and the financial ability of the former

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owners to satisfy our indemnification claims. In addition, insurance companies may be unwilling to cover claims that have arisen from acquired businesses or locations, or claims may exceed the coverage limits that our acquired businesses had in effect prior to the date of acquisition. If we are unable to successfully obtain insurance coverage of third-party claims or enforce our indemnification rights against the former owners, or if the former owners are unable to satisfy their obligations for any reason, including because of their current financial position, we could be held liable for the costs or obligations associated with such claims or liabilities, which could adversely affect our financial condition and results of operations.

Our success depends on our key personnel.

Our business results depend largely upon the continued contributions of our chief executive officer and other members of our management team. We do not have employment agreements with any of our executive officers, other than Jeff Edwards, the Chairman of our Board and our Chief Executive Officer and President. Although our employment agreement with Mr. Edwards provides for a three-year term, he is permitted under the agreement to resign his employment at any time with only 30 days' prior written notice to us. Also, while his employment agreement requires Mr. Edwards to devote the amount of time necessary to conduct our business and affairs, he is also permitted to engage in other business activities that do not create a conflict of interest or substantially interfere with his service to us, including non-competitive operational activities for his real estate development business. See "Compensation of Our Executive Officers and Directors—Compensation of Our Executive Officers— Employment Agreement with Jeff Edwards." Although we maintain key person life insurance on Mr. Edwards, if he no longer serves in (or serves in some lesser capacity than) his current role, or if we lose other members of our management team, our business, financial condition and results of operations, as well as the market price of our securities, could be adversely affected.

Our business results also depend upon our branch managers and sales personnel, including those of companies recently acquired. While we customarily sign non-competition agreements, typically lasting two years, with our branch managers and sales personnel in order to maintain key customer relationships in our markets, such agreements do not protect us fully against competition.

We are dependent on attracting, training and retaining qualified employees while controlling labor costs.

We must attract, train and retain a large number of qualified employees while controlling related labor costs. We compete with other businesses for these employees. Tighter labor markets, due to a recovering housing market or otherwise, may make it more difficult for us to hire and retain installers and control labor costs. Our ability to control labor costs is subject to numerous external factors, including competitive wage rates and health and other insurance costs.

With the passage in 2010 of the U.S. Patient Protection and Affordable Care Act, or the Affordable Care Act, we are required to provide affordable coverage, as defined in the Affordable Care Act, to all employees, or otherwise be subject to a payment per employee based on the affordability criteria therein. Many of these requirements will be phased in over a period of time. Additionally, some states and localities have passed state and local laws mandating the provision of certain levels of health benefits by some employers. Although the impact of these new legislative directives on our business is not yet certain, increased health care and insurance costs could have an adverse effect on our business, financial condition and results of operations. In addition, changes in the federal or state minimum wage or living wage requirements or changes in other workplace regulations could adversely affect our ability to meet our financial targets.

In addition, various states in which we operate are considering or have already adopted new immigration laws or enforcement programs, and the U.S. Congress and Department of Homeland Security from time to time consider and may implement changes to federal immigration laws, regulations or enforcement programs. Although we verify the employment eligibility status of all our employees, including through participation in the "E-Verify" program where required, some of our employees may, without our knowledge, be unauthorized workers. Unauthorized workers are subject to deportation and may subject us to fines, penalties and adverse publicity.

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Termination of a significant number of employees who are unauthorized workers may disrupt our operations and cause temporary increases in our labor costs as we train new employees. We could also become subject to fines, penalties and other costs related to claims that we did not fully comply with all recordkeeping obligations of federal and state immigration laws.

If we are unable to hire and retain qualified installation personnel at economically reasonable compensation and benefits levels, our business, prospects, financial condition and results of operations could be adversely affected.

We may be subject to periodic litigation and regulatory proceedings, including Fair Labor Standards Act and state wage and hour class action lawsuits, which may adversely affect our business and financial performance.

From time to time, we may be involved in lawsuits and regulatory actions, including class action lawsuits, that are brought or threatened against us for alleged violations of the Fair Labor Standards Act, or the FLSA, and state wage and hour laws. We are currently a defendant in two such lawsuits in Washington and Tennessee. Due to the inherent uncertainties of litigation, we cannot accurately predict the ultimate outcome of these or any similar proceedings that may arise in the future. The ultimate resolution of these matters through settlement, mediation or court judgment could have a material adverse impact on our financial condition, results of operations and cash flows. In addition, regardless of the outcome, these proceedings could result in substantial costs and may require us to devote substantial resources, including the time of our management team, to defend ourselves. See “Business—Legal Proceedings,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Key Factors Affecting our Operating Results—Labor Costs” and Note 11 to our audited consolidated financial statements for the year ended December 31, 2012 included elsewhere in this prospectus.

The nature of our business exposes us to product liability, workmanship warranty, casualty, construction defect, breach of contract and other claims and legal proceedings.

We are subject to product liability, workmanship warranty, casualty, construction defect, breach of contract and other claims relating to the products we install that, if adversely determined, could adversely affect our financial condition, results of operations and cash flows. We rely on manufacturers and other suppliers to provide us with most of the products we install. Because we do not have direct control over the quality of such products manufactured or supplied by such third-party suppliers, we are exposed to risks relating to the quality of such products. In addition, we are exposed to potential claims arising from the conduct of our employees, and homebuilders and other subcontractors, for which we may be contractually liable. Certain types of insulation, particularly spray foam applications, require our employees to handle potentially hazardous or toxic substances. While our employees who handle these and other potentially hazardous or toxic materials, including lead-based paint, receive specialized training and wear protective clothing, there is still a risk that they, or others, may be exposed to these substances. Exposure to these substances could result in significant injury to our employees and others, including site occupants, and damage to our property or the property of others, including natural resource damage. Our personnel and others at our work sites are also at risk for other workplace-related injuries, including slips and falls. We have in the past been, and may in the future be, subject to fines, penalties and other liabilities in connection with any such injury or damage. Although we currently maintain what we believe to be suitable and adequate insurance in excess of our self-insured amounts, we may be unable to maintain such insurance on acceptable terms or such insurance may not provide adequate protection against potential liabilities. Product liability, workmanship warranty, casualty, negligence, construction defect, breach of contract and other claims can be expensive to defend and can divert the attention of management and other personnel for significant periods of time, regardless of the ultimate outcome. In addition, lawsuits relating to construction defects typically have statutes of limitations that can run as long as ten years. Claims of this nature could also have a negative impact on customer confidence in us and our services. In addition, we are subject to various claims and lawsuits incidental to the conduct of our business in the ordinary course. Current or future claims could have a material adverse effect on our reputation, business, financial condition and results of operations. We may also be unable to obtain performance and licensing bonds on commercially reasonable terms or at all in the future. Surety companies issue bonds on a project-by-project basis and can decline to issue bonds at any time. Our inability to

obtain such bonds would materially and adversely affect our business, financial condition, results of operations and cash flows. For additional information, see Note 11 to our audited consolidated financial statements for the year ended December 31, 2012 included elsewhere in this prospectus.

Federal, state, local and other laws and regulations could impose substantial costs and/or restrictions on our operations that would reduce our net income.

We are subject to various federal, state, local and other laws and regulations, including, among other things, worker and workplace health and safety regulations promulgated by the Department of Labor's Occupational Safety and Health Administration, or OSHA, regulations promulgated by the Department of Transportation, or DOT, and employment regulations promulgated by the U.S. Equal Employment Opportunity Commission. More burdensome regulatory requirements in these or other areas, including workers' compensation, may increase our expenses and adversely affect our business, financial condition, results of operations and cash flows. Moreover, failure to comply with the regulatory requirements applicable to our business could expose us to substantial fines and penalties that could adversely affect our business, financial condition, results of operations and cash flows.

Our transportation operations, upon which we depend to transport materials from our locations to job sites, are subject to the regulatory jurisdiction of the DOT. The DOT has broad administrative powers with respect to our transportation operations. More restrictive limitations on vehicle weight and size, trailer length and configuration or driver hours of service would increase our costs, which, if we are unable to pass these cost increases on to our customers, may increase our selling and administrative expenses and adversely affect our financial condition, operating results and cash flows. If we fail to comply adequately with DOT regulations or regulations become more stringent, we could experience increased inspections, regulatory authorities could take remedial action including imposing fines or shutting down our operations and we could be subject to increased audit and compliance costs. We organize our transportation operations as a separate legal entity in certain states, including in Ohio and Indiana, in order to take advantage of sales tax exemptions relating to vehicle operating costs. If legislation is enacted that modifies or eliminates these exemptions, our costs would increase. If any of these events were to occur, our financial condition, results of operations and cash flows would be adversely affected.

In addition, the residential construction industry is subject to various federal, state and local statutes, ordinances, rules and regulations concerning zoning, building design and safety, construction, contractors' licensing, energy conservation and similar matters, including regulations that impose restrictive zoning and density requirements on the residential new construction industry or that limit the number of homes that can be built within the boundaries of a particular area. Regulatory restrictions and industry standards may require us to alter our installation processes and our sourcing and otherwise increase our operating expenses and limit the availability of suitable building lots for our customers, any of which could negatively affect our business, financial condition and results of operations.

We are subject to environmental regulation and potential exposure to environmental liabilities.

We are subject to various federal, state, and local environmental laws and regulations. Although we believe that we operate our business, including each of our locations, in material compliance with applicable laws and regulations and maintain all material permits required under such laws and regulations to operate our business, we may be held liable or incur fines or penalties in connection with such requirements. As the nature of our business involves the use or handling of certain potentially hazardous or toxic substances, including spray foam applications and lead-based paint, we may be held liable for claims alleging injury or damage resulting from the release of or exposure to such substances. In addition, as owners and lessees of real property, we may be held liable for, among other things, hazardous or toxic substances, including asbestos or petroleum products on, at, under or emanating from currently or formerly owned or operated properties, or any off-site disposal locations, or for any known or newly discovered environmental conditions at or relating to any of our properties, including those arising from activities conducted by previous occupants or at adjoining properties, without regard to whether we knew of or were responsible for such release. We may be required to investigate, remove, remediate

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or monitor the presence or release of such hazardous or toxic substances or petroleum products. We may also be held liable to a governmental entity for fines and penalties or to third parties for damages, including for bodily injury, property damage and natural resource damage in connection with the presence or release of hazardous or toxic substances or petroleum products. In addition, expenditures may be required in the future as a result of releases of, or exposure to, hazardous or toxic substances or petroleum products, the discovery of currently unknown environmental conditions or changes in environmental laws and regulations or their interpretation or enforcement and in certain instances, such expenditures may be material. While not having a material impact on our financial condition or results of operations, in 2011, a fire at one of our branches resulted in the run-off of hazardous materials into a nearby stream. We investigated and remediated the incident and received a no further action letter from the environmental regulatory authority with jurisdiction over the matter.

Increases in union organizing activity and work stoppages could delay or reduce availability of products that we install and increase our costs.

Less than one percent of our employees are currently covered by collective bargaining or other similar labor agreements. However, if a larger number of our employees were to unionize, including in the wake of any future legislation that makes it easier for employees to unionize, our business could be negatively affected. Any inability by us to negotiate collective bargaining arrangements could cause strikes or other work stoppages, and new contracts could result in increased operating costs. If any such strikes or other work stoppages occur, or if other employees become represented by a union, we could experience a disruption of our operations and higher labor costs.

In addition, certain of our suppliers have unionized work forces and certain of our products are transported by unionized truckers. Strikes, work stoppages or slowdowns could result in slowdowns or closures of facilities where the products that we install are manufactured or could affect the ability of our suppliers to deliver such products to us. Any interruption in the production or delivery of these products could delay or reduce availability of these products and increase our costs.

We are a holding company and conduct all of our operations through our subsidiaries.

We are a holding company and all of our operating assets are held by our direct and indirect subsidiaries. We derive all of our operating income from our subsidiaries. We rely on the earnings and cash flows of our subsidiaries, which are paid to us by our subsidiaries in the form of dividends and other payments or distributions, to meet our debt service and other obligations. The ability of our subsidiaries to pay dividends or make other payments or distributions to us will depend on their respective operating results and may be restricted by, among other things, the laws of their jurisdiction of organization (which may limit the amount of funds available for the payment of dividends and other distributions to us), the terms of existing and future indebtedness and other agreements of our subsidiaries and the covenants of any future outstanding indebtedness that our subsidiaries incur.

Increases in fuel costs could adversely affect our results of operations.

The price of oil has fluctuated over the last few years, creating volatility in our fuel costs. We do not currently hedge our fuel costs. Increases in fuel costs can negatively impact our cost to deliver our products to our customers and thus increase our cost of sales. If we are unable to increase the selling price of our products to our customers to cover any increases in fuel costs, net income may be adversely affected.

We may be adversely affected by disruptions in our information technology systems.

Our operations are dependent upon our information technology systems, including our web-enabled internal software technology, jobCORE. The jobCORE software provides in-depth, real-time financial performance data from each branch location to the corporate office. We rely upon such information technology systems to manage customer orders on a timely basis, to coordinate our sales and installation activities across all of our locations and

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to manage invoicing. A substantial disruption in our information technology systems for any prolonged time period (arising from, for example, system capacity limits from unexpected increases in our volume of business, outages, computer viruses, unauthorized access or delays in our service) could result in delays in receiving inventory and supplies or installing our products on a timely basis for our customers, which could adversely affect our reputation and customer relationships. Our systems might be damaged or interrupted by natural or man-made events or by computer viruses, physical or electronic break-ins, or similar disruptions affecting the Internet. Such delays, problems or costs could have a material adverse effect on our financial condition, results of operations and cash flows.

Because we operate our business through highly dispersed locations across the United States, our operations may be materially adversely affected by inconsistent practices and the operating results of individual branches may vary.

We operate our business through a network of highly dispersed locations throughout the United States, supported by corporate executives and services in our headquarters, with local branch management retaining responsibility for day-to-day operations and adherence to applicable local laws. Our operating structure can make it difficult for us to coordinate procedures across our operations in a timely manner or at all. In addition, our branches may require significant oversight and coordination from headquarters to support their growth. Inconsistent implementation of corporate strategy and policies at the local level could materially and adversely affect our overall profitability, business, results of operations, financial condition and prospects.

In addition, the operating results of an individual branch may differ from that of another branch for a variety of reasons, including market size, management practices, competitive landscape, regulatory requirements and local economic conditions. As a result, certain of our branches may experience higher or lower levels of growth than other branches. For example, during the nine months ended September 30, 2013, approximately 25% of the increase in our net revenue as compared to the same period in 2012 was generated by approximately 14% of our branches with approximately 50% of our branches, including acquired branches, accounting for 53% of the increase. Therefore, our overall financial performance and results of operations may not be indicative of the performance and results of operations of any individual branch.

Restrictions in our existing revolving credit facility, or any other indebtedness we may incur in the future, could adversely affect our business, financial condition, results of operations, ability to make distributions to stockholders and the value of our common stock.

Our existing revolving credit facility, or any future credit facility or other indebtedness we enter into, may limit our ability to, among other things:

- incur or guarantee additional debt;
- make distributions or dividends on or redeem or repurchase shares of common stock;
- make certain investments and acquisitions;
- make capital expenditures;
- incur certain liens or permit them to exist;
- enter into certain types of transactions with affiliates;
- acquire, merge or consolidate with another company; and
- transfer, sell or otherwise dispose of all or substantially all of our assets.

Our revolving credit facility contains, and any future credit facility or other debt instruments we may enter into will also likely contain, covenants requiring us to maintain certain financial ratios and meet certain tests, such as a fixed charge coverage ratio, a leverage ratio and minimum EBITDA test. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Revolving Credit

Facility.” Our ability to comply with those financial ratios and tests can be affected by events beyond our control, and we may not be able to comply with those ratios and tests when required to do so under the applicable debt instruments.

The provisions of our revolving credit facility or other debt instruments may affect our ability to obtain future financing and pursue attractive business opportunities and our flexibility in planning for, and reacting to, changes in business conditions. In addition, a failure to comply with the provisions of our revolving credit facility, any future credit facility or other debt instruments could result in a default or an event of default that could enable our lenders or other debt holders to declare the outstanding principal of that debt, together with accrued and unpaid interest, to be immediately due and payable. If the payment of our debt is accelerated, our assets may be insufficient to repay such debt in full, and our stockholders could experience a partial or total loss of their investment.

We could manage working capital in ways that may affect our cash flow from operations.

Since we aim to continuously manage our working capital, we could manage our payments to suppliers differently in the future. Changes in how we manage our payments to suppliers could decrease our cash flow from operations and increase our working capital as a percentage of sales. In addition, we have two supply contracts with minimum purchase requirements at market rates. These obligations may cause us to purchase materials earlier than we otherwise would and increase our working capital requirements. There is no guarantee that our working capital as a percentage of sales will continue to decrease or that it will not increase in the future.

Our independent registered public accounting firms have identified a material weakness and significant deficiencies in our internal control over financial reporting that, if not properly remediated, could result in material misstatements in our financial statements in future periods.

Although we did not engage our independent registered public accounting firms to conduct an audit of our internal control over financial reporting, in connection with the audits of our consolidated financial statements as of and for the years ended December 31, 2011 and 2012, and the six months ended June 30, 2013, our independent registered public accounting firms informed us that they identified a material weakness and significant deficiencies relating to our internal control over financial reporting under standards established by the PCAOB. The PCAOB defines a material weakness as a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of the company’s annual or interim financial statements will not be prevented or detected on a timely basis. A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those responsible for oversight of the company’s financial reporting.

The material weakness identified by our independent registered public accounting firms related to adjustments made in connection with their audits to our financial statements in the areas of income taxes, self-insurance reserves, stock-based compensation, accounts payable, discontinued operations, derivative accounting and lease accounting, and resulted primarily from insufficient personnel within our organization possessing an appropriate level of knowledge, experience and training with regard to complex transactions and technical accounting matters, particularly as they relate to public companies. The material weakness resulted in a number of audit adjustments to our financial statements for the periods that were the subject of these audits.

We have taken and will take a number of actions to remediate this material weakness including, but not limited to, adding experienced accounting and financial personnel, retaining third-party consultants to review our internal controls and to recommend improvements, and implementing improvements to our closing procedures and consolidation processes. We cannot assure you when we will remediate such weakness, nor can we be certain of whether additional actions will be required or the costs of any such actions.

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In addition, during the audits of our consolidated financial statements as of and for the years ended December 31, 2011 and 2012, and the six months ended June 30, 2013, our independent registered public accounting firms identified significant deficiencies related to our internal controls over information technology systems, cash receipts and related segregation of duties at the branch level involving less than ten of our branches, access to and review of journal entry postings and access to add or modify customer information. We believe we have remediated the information technology systems and the access to journal entry postings significant deficiencies. In addition, we are in the process of addressing the remaining significant deficiencies and expect to implement additional procedures, including at the corporate level, to improve our internal control over financial reporting.

We may need to take additional measures to fully mitigate these issues, and the measures we have taken, and expect to take, to improve our internal controls may not be sufficient to address the issues identified, to ensure that our internal controls are effective or to ensure that the identified material weakness or significant deficiencies or other material weaknesses or deficiencies will not result in a material misstatement of our annual or interim financial statements. In addition, other material weaknesses or deficiencies may be identified in the future. If we are unable to correct material weaknesses or deficiencies in internal controls in a timely manner, our ability to record, process, summarize and report financial information accurately and within the time periods specified in the rules and forms of the Securities and Exchange Commission, or the SEC, will be adversely affected. This failure could negatively affect the market price and trading liquidity of our common stock, cause investors to lose confidence in our reported financial information, subject us to civil and criminal investigations and penalties, and generally materially and adversely impact our business and financial condition.

RISKS RELATED TO THIS OFFERING AND OUR COMMON STOCK

Before this offering, there was no public market for our common stock, and an active trading market for our common stock may not develop, which could impede your ability to sell shares and depress the market price of your shares.

Prior to this offering, there has been no public market for our common stock. An active trading market on the NYSE or otherwise may not develop upon completion of this offering or, if it does develop, it may not be sustained. If an active trading market does not develop, you may have difficulty selling any shares of our common stock that you purchase, and the value of such shares might be materially impaired. The initial public offering price of our common stock will be determined by negotiations between us and representatives of the underwriters and may not reflect the prevailing price in the open market. See “Underwriting” for a discussion of the factors considered in determining the initial public offering price.

The price of our common stock may fluctuate substantially, and your investment may decline in value.

Following this offering, the market price of our common stock may be significantly affected by factors, such as:

- market conditions affecting the residential construction and building products industries;
- quarterly variations in our results of operations;
- changes in government regulations;
- the announcement of acquisitions by us or our competitors;
- changes in general economic and political conditions;
- volatility in the financial markets;
- results of our operations and the operations of others in our industry;
- changes in interest rates;
- threatened or actual litigation and government investigations;
- the addition or departure of key personnel;

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- actions taken by our stockholders, including the sale or disposition of their shares of our common stock; and
- differences between our actual financial and operating results and those expected by investors and analysts and changes in analysts' recommendations or projections.

These and other factors may lower the market price of our common stock, regardless of our actual operating performance. As a result, our common stock may trade at prices significantly below the public offering price.

Furthermore, in recent years the stock market has experienced significant price and volume fluctuations. This volatility has had a significant impact on the market price of securities issued by many companies, including companies in our industry. The changes frequently appear to occur without regard to the operating performance of the affected companies. Hence, the price of our common stock could fluctuate based upon factors that have little or nothing to do with us, and these fluctuations could materially reduce the price of our common stock and materially affect the value of your investment.

The obligations associated with being a public company will require significant resources and management attention.

As a public company, we will face increased legal, accounting, administrative and other costs and expenses that we have not incurred as a private company, particularly after we are no longer an emerging growth company. We expect to incur incremental costs related to operating as a public company of approximately \$3.0 to \$4.0 million annually, although there can be no assurance that these costs will not be higher, particularly when we no longer qualify as an emerging growth company. After the completion of this offering, we will be subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, or the Exchange Act, which requires that we file annual, quarterly and current reports with respect to our business and financial condition and proxy and other information statements, and the rules and regulations implemented by the SEC, the Sarbanes-Oxley Act, the Dodd-Frank Act, the Public Company Accounting Oversight Board and the NYSE each of which imposes additional reporting and other obligations on public companies. As a public company, we will be required to:

- prepare and distribute periodic reports, proxy statements and other stockholder communications in compliance with the federal securities laws and the NYSE rules;
- expand the roles and duties of our board of directors and committees thereof;
- maintain an internal audit function;
- institute more comprehensive financial reporting and disclosure compliance functions;
- involve and retain to a greater degree outside counsel and accountants in the activities listed above;
- enhance our investor relations function;
- establish new internal policies, including those relating to trading in our securities and disclosure controls and procedures;
- retain additional personnel;
- comply with NYSE listing standards; and
- comply with the Sarbanes-Oxley Act.

We expect these rules and regulations and changes in laws, regulations and standards relating to corporate governance and public disclosure, which have created uncertainty for public companies, to increase legal and financial compliance costs and make some activities more time consuming and costly. These laws, regulations and standards are subject to varying interpretations, in many cases due to their lack of specificity, and, as a result,

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their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices. Our investment in compliance with existing and evolving regulatory requirements will result in increased administrative expenses and a diversion of management's time and attention from revenue-generating activities to compliance activities, which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

These increased costs will require us to divert a significant amount of money that we could otherwise use to expand our business and achieve our strategic objectives. We also expect that it will be expensive to maintain director and officer liability insurance, and we may be required to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. As a result, it may be more difficult for us to attract and retain qualified persons to serve on our board of directors or as executive officers. Furthermore, if we are unable to satisfy our obligations as a public company, we could be subject to delisting of our common stock, fines, sanctions and other regulatory action and civil litigation.

If we are unable to implement and maintain effective internal control over financial reporting, investors may lose confidence in the accuracy and completeness of our financial reports, which could adversely affect the market price of our common stock.

We are not currently required to comply with Section 404 of the Sarbanes-Oxley Act, and are therefore not required to make an assessment of the effectiveness of our internal control over financial reporting for that purpose. However, as a public company, we will be required to maintain internal control over financial reporting and to report any material weaknesses in such internal controls. In addition, we will be required to furnish a report by management on the effectiveness of our internal control over financial reporting pursuant to Section 404 of the Sarbanes-Oxley Act, or Section 404, at the time of our second annual report on Form 10-K, which will be for our year ending December 31, 2014. We are in the process of designing, implementing and testing the internal control over financial reporting required to comply with this obligation, which process is time consuming, costly and complex. If we are unable to remediate the material weakness previously described or if, in the future, we identify material weaknesses in our internal control over financial reporting, we are unable to comply with the requirements of Section 404 in a timely manner or assert that our internal control over financial reporting are effective, or our independent registered public accounting firm is unable to express an opinion as to the effectiveness of our internal control over financial reporting, investors may lose confidence in the accuracy and completeness of our financial reports and the market price of our common stock could be negatively affected, and we could become subject to investigations by the SEC, the NYSE or other regulatory authorities, which could require additional financial and management resources.

We are an emerging growth company and, as a result of the reduced disclosure and governance requirements applicable to emerging growth companies, our common stock may be less attractive to investors.

We are an emerging growth company, as defined in the JOBS Act, and we are eligible to take advantage of certain exemptions from various reporting requirements applicable to other public companies. Those exemptions include, but are not limited to, a requirement to present only two years of audited financial statements, an exemption from the auditor attestation requirement of Section 404 of the Sarbanes-Oxley Act, reduced disclosure about executive compensation arrangements pursuant to the rules applicable to smaller reporting companies and no requirement to seek non-binding advisory votes on executive compensation or golden parachute arrangements. We have elected to adopt these reduced disclosure requirements. We may take advantage of these provisions until we are no longer an emerging growth company. We will remain an emerging growth company until the earlier of (1) the last day of the fiscal year (a) following the fifth anniversary of the completion of this offering, (b) in which we have total annual gross revenue of at least \$1.0 billion or (c) in which we are deemed to be a large accelerated filer, which means the market value of our common stock that is held by non-affiliates exceeds \$700 million as of the prior June 30th, and (2) the date on which we have issued more than \$1.0 billion in non-convertible debt during the prior three-year

period. We cannot predict if investors will find our common stock less attractive as a result of our taking advantage of these exemptions. If some investors find our common stock less attractive as a result of our choices, there may be a less active trading market for our common stock and our stock price may be more volatile.

Future sales of our common stock, or the perception in the public markets that these sales may occur, may depress our stock price.

The market price of our common stock could decline significantly as a result of sales of a large number of shares of our common stock in the market after this offering. These sales, or the perception that these sales might occur, could depress the market price of our common stock or make it more difficult for us to sell equity securities in the future at a time and at a price that we deem appropriate.

Upon the completion of this offering, we will have approximately 28.8 million shares of common stock outstanding (or approximately 30.1 million if the underwriters exercise their option to purchase additional shares in full). The shares of common stock offered in this offering will be freely tradable, except for any shares of common stock that may be held or acquired by our directors, executive officers and other affiliates, the sale of which will be restricted under the Securities Act of 1933, as amended, or the Securities Act. In addition, 3.0 million shares reserved for future issuance under our 2014 Omnibus Incentive Plan will become eligible for sale in the public market in the future, subject to certain legal and contractual limitations.

Moreover, pursuant to a registration rights agreement among us and certain of our current stockholders, certain of our stockholders will have the right to require us to register under the Securities Act any shares in our company not sold by such stockholders in this offering. See “Certain Relationships and Related-Party Transactions—Registration Rights Agreement.” If our existing stockholders sell substantial amounts of our common stock in the public market, or if the public perceives that such sales could occur, this could have an adverse impact on the market price of our common stock, even if there is no relationship between such sales and the performance of our business.

In connection with this offering, we, our directors and executive officers, the selling stockholder and holders of substantially all of our outstanding common stock have each agreed to certain lock-up restrictions. We and they and their permitted transferees will not be permitted to sell any shares of our common stock for 180 days after the date of this prospectus, except as discussed in “Shares Eligible for Future Sale,” without the prior consent of Deutsche Bank Securities Inc. and UBS Securities LLC. Deutsche Bank Securities Inc. and UBS Securities LLC may, in their sole discretion, release all or any portion of the shares of our common stock from the restrictions in any of the lock-up agreements described above. See “Underwriting.” We expect certain of our stock to be pledged following the expiration of the lock-up period. See note (4) to the table included under the caption “Principal and Selling Stockholders.”

Also, in the future, we may issue shares of our common stock in connection with investments or acquisitions. The amount of shares of our common stock issued in connection with an investment or acquisition could constitute a material portion of our then-outstanding shares of our common stock.

Jeff Edwards and Littlejohn will continue to have significant ownership of our common stock and may have interests that conflict with those of our other stockholders.

Upon the completion of this offering, Jeff Edwards will beneficially own approximately 41% of our common stock and Littlejohn will beneficially own approximately 17% of our common stock (assuming no exercise of the underwriters’ option to purchase additional shares of our common stock). So long as such persons continue to hold, directly or indirectly, shares of common stock representing a significant percentage of the voting power of our common stock, they will be able to exercise control over all matters requiring stockholder approval, including the election of directors, amendment of our amended and restated certificate of incorporation and approval of significant corporate transactions, and will have significant control over our management and policies. This concentration of voting power may have the effect of delaying or preventing a change in control of us or discouraging others from making tender offers for our shares of common stock, which could prevent

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stockholders from receiving a premium for their shares of common stock. These actions may be taken even if other stockholders oppose them. The interests of Jeff Edwards and Littlejohn may not always coincide with the interests of other stockholders, and each may act in a manner that advances its best interests and not necessarily those of our other stockholders. In addition, under our amended and restated certificate of incorporation, Jeff Edwards and Littlejohn are permitted to pursue corporate opportunities for themselves, rather than for us. See “Description of Capital Stock—Corporate Opportunity.”

Provisions of our charter documents and Delaware law could delay, discourage or prevent an acquisition of us, even if the acquisition would be beneficial to our stockholders, and could make it more difficult for our stockholders to change our management.

Our amended and restated certificate of incorporation and bylaws that will be in effect immediately prior to the effectiveness of this registration statement may discourage, delay or prevent a merger, acquisition or other change in control that stockholders may consider favorable, including transactions in which stockholders might otherwise receive a premium for their shares of our common stock. In addition, these provisions may frustrate or prevent any attempt by our stockholders to replace or remove our current management by making it more difficult to replace or remove our board of directors. These provisions will include the following:

- a classified board of directors with three-year staggered terms;
- no cumulative voting in the election of directors, which limits the ability of minority stockholders to elect director candidates;
- the exclusive right of our board of directors to fill a vacancy created by the expansion of the board of directors or the resignation, death or removal of a director, which prevents stockholders from being able to fill vacancies on our board of directors;
- the ability of our board of directors to authorize the issuance of shares of preferred stock and to determine the price and other terms of those shares, including preferences and voting rights, without stockholder approval, which could be used to significantly dilute the ownership of the holders of our stock or a hostile acquirer;
- a prohibition on stockholder action by written consent, which forces stockholder action to be taken at an annual or special meeting of our stockholders;
- a requirement that a special meeting of stockholders may be called only by the chairman of our board of directors, our Chief Executive Officer or upon a resolution approved by a majority of the total number of directors that we would have if there were no vacancies, and not by our stockholders; and
- advance notice procedures that stockholders must comply with in order to nominate candidates to our board of directors or to propose matters to be acted upon at a stockholders’ meeting, which may discourage or deter a potential acquirer from conducting a solicitation of proxies to elect the acquirer’s own slate of directors or otherwise attempting to obtain control of us.

In addition, we will be subject to Section 203 of the Delaware General Corporation Law, which generally prohibits a Delaware corporation from engaging in any of a broad range of business combinations with a stockholder owning 15% or more of such corporation’s outstanding voting stock for a period of three years following the date on which such stockholder became an “interested” stockholder. This provision could have the effect of delaying or preventing a change of control, whether or not it is desired by or beneficial to our stockholders. Any delay or prevention of a change of control transaction or changes in our board of directors and management could deter potential acquirers or prevent the completion of a transaction in which our stockholders could receive a substantial premium over the then-current market price for their shares of our common stock. See “Description of Capital Stock—Anti-Takeover Effects of Provisions of our Charter, our Amended and Restated Bylaws and Delaware Law.”

Purchasing shares of our common stock in this offering will result in an immediate and substantial dilution of your investment.

The initial public offering price of our common stock is substantially higher than the net tangible book value per share of our common stock. Therefore, investors purchasing shares of our common stock in this offering will pay a price per share that substantially exceeds the book value of our tangible assets after subtracting our liabilities. As a result, investors purchasing common stock in this offering will incur immediate dilution of \$11.98 per share (assuming no exercise of the underwriters' option to purchase additional shares of our common stock), based on an assumed initial public offering price of \$15.00 per share, which is the midpoint of the price range set forth on the cover of this prospectus. See "Dilution."

Furthermore, if we raise additional capital or acquire new businesses by issuing new convertible or equity securities, your interest will be further diluted. This may result in the loss of all or a portion of their investment in our common stock. In addition, newer securities may have rights, preferences or privileges senior to those of securities held by investors in our common stock.

We do not expect to pay any dividends in the foreseeable future.

We intend to retain our future earnings, if any, in order to reinvest in the development and growth of our business and, therefore, do not intend to pay dividends on our common stock for the foreseeable future. Any future determination to pay dividends will be at the discretion of our board of directors and will depend on our financial condition, results of operations, capital requirements, the limits imposed by the terms of our revolving credit facility, or any then-existing debt instruments, and such other factors as our board of directors deems relevant. Accordingly, investors in our common stock may need to sell their shares to realize a return on their investment in our common stock, and investors may not be able to sell their shares at or above the prices paid for them.

If securities analysts do not publish favorable reports about us or if we, or our industry, are the subject of unfavorable commentary, the price of our common stock could decline.

The trading price for our common stock will depend in part on the research and reports about us that are published by analysts in the financial industry. Analysts could issue negative commentary about us or our industry, or they could downgrade our common stock. We may also not receive sufficient research coverage or visibility in the market. Any of these factors could result in the decline of the trading price of our common stock, causing investors in our common stock to lose all or a portion of their investment.

Information Regarding Forward-Looking Statements

This prospectus includes forward-looking statements within the meaning of U.S. federal securities laws, which involve risks and uncertainties. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms “believe,” “estimate,” “project,” “aim,” “anticipate,” “expect,” “seek,” “predict,” “contemplate,” “continue,” “possible,” “intend,” “may,” “plan,” “forecast,” “future,” “might,” “will,” “could,” “would” or “should” or, in each case, their negative, or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this prospectus and include statements regarding our intentions, beliefs or current expectations concerning, among other things, our results of operations, financial condition, liquidity, prospects, growth strategies, the industry in which we operate and potential acquisitions. We derive many of our forward-looking statements from our operating budgets and forecasts, which are based upon many detailed assumptions. While we believe that our assumptions are reasonable, we caution that it is very difficult to predict the impact of known factors, and, of course, it is impossible for us to anticipate all factors that could affect our actual results. All forward-looking statements are based upon information available to us on the date of this prospectus.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. We caution you that forward-looking statements are not guarantees of future performance and that our actual results of operations, financial condition and liquidity, and the stability of the industry in which we operate may differ materially from those made in or suggested by the forward-looking statements contained in this prospectus. In addition, even if our results of operations, financial condition and liquidity and the development of the industry in which we operate are consistent with the forward looking statements contained in this prospectus, those results or developments may not be indicative of results or developments in subsequent periods. Important factors that could cause our results to vary from expectations include, but are not limited to:

- our dependence on the residential construction industry, the economy and the credit markets;
- uncertainty regarding the housing recovery;
- declines in the economy or expectations regarding the housing recovery that could lead to additional significant impairment charges;
- the cyclical and seasonal nature of our business;
- our exposure to severe weather conditions;
- the highly fragmented and competitive nature of our industry;
- product shortages or the loss of key suppliers;
- changes in the costs and availability of products;
- inability to successfully acquire and integrate other businesses;
- our exposure to claims arising from our acquired operations;
- our reliance on key personnel;
- our ability to attract, train and retain qualified employees while controlling labor costs;
- our exposure to product liability, workmanship warranty, casualty, construction defect and other claims and legal proceedings;
- changes in, or failure to comply with, federal, state, local and other regulations;
- we are a holding company and conduct all of our operations through our subsidiaries;
- disruptions in our information technology systems;

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- our ability to implement and maintain effective internal control over financial reporting and remediate any outstanding material weakness and significant deficiencies; and
- additional factors discussed under the sections captioned “Risk Factors,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Our Business.”

Other sections of this prospectus include additional factors that could adversely impact our business and financial performance. In light of these risks, uncertainties and assumptions, the forward-looking events described in this prospectus may not occur. Moreover, we operate in an evolving environment. New risk factors and uncertainties emerge from time to time, and it is not possible for our management to predict all risk factors and uncertainties, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. We qualify all of our forward-looking statements by these cautionary statements.

Estimates and forward-looking statements speak only as of the date they were made, and, except to the extent required by law, we undertake no obligation to update or to review any estimate and/or forward-looking statement because of new information, future events or other factors. Estimates and forward-looking statements involve risks and uncertainties and are not guarantees of future performance. As a result of the risks and uncertainties described above, the estimates and forward-looking statements discussed in this prospectus might not occur and our future results and our performance may differ materially from those expressed in these forward-looking statements due to, but not limited to, the factors mentioned above. Because of these uncertainties, you should not place undue reliance on these forward-looking statements when making an investment decision.

Use of Proceeds

We expect to receive net proceeds from this offering of approximately \$87.0 million, or approximately \$105.9 million if the underwriters exercise their option to purchase additional shares in full (assuming an initial public offering price of \$15.00 per share, which is the midpoint of the price range set forth on the cover page of this prospectus), after deducting the underwriting discount and estimated offering expenses payable by us.

We intend to use the net proceeds from this offering (including any additional proceeds that we may receive if the underwriters exercise their option to purchase additional shares of our common stock) to repurchase all of our outstanding preferred stock from Littlejohn for total consideration of \$75.7 million, to repay a portion of our outstanding indebtedness and the balance for general corporate purposes.

Concurrent with the completion of this offering, we intend to use a portion of the proceeds from this offering to repay approximately \$11.3 million of our indebtedness outstanding under our revolving facility. As of September 30, 2013, we had approximately \$23.7 million outstanding under our existing credit facility at a rate of one-month LIBOR plus 2.25%. Our revolving credit facility matures on May 4, 2016. For a description of the terms of our revolving credit facility, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Revolving Credit Facility.”

Each \$1.00 increase (decrease) in the assumed initial public offering price of \$15.00 per share, which is the midpoint of the price range set forth on the cover page of this prospectus, would increase (decrease) the net proceeds received by us from this offering by approximately \$6.3 million, assuming the number of shares of our common stock offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting the underwriting discount and estimated offering expenses payable by us.

We may also increase or decrease the number of shares we are offering. Each increase (decrease) of one million shares in the number of shares of our common stock offered by us would increase (decrease) the net proceeds received by us from this offering by approximately \$14.0 million, assuming an initial public offering price of \$15.00 per share, which is the midpoint of the price range set forth on the cover page of this prospectus, after deducting the underwriting discount and estimated offering expenses payable by us.

The information discussed above is illustrative only and subject to the actual public offering price and the actual number of shares offered at pricing.

We will not receive any proceeds from the sale of shares of our common stock by the selling stockholder.

Dividend Policy

We currently do not anticipate paying dividends after the offering for the foreseeable future. Instead, we anticipate that our earnings will be used to provide working capital to support our operations and to finance the growth and development of our business. Any future determination relating to dividends will be made at the discretion of our board of directors and will depend on a number of factors, including our future earnings, capital requirements, financial condition, future prospects, contractual restrictions, legal requirements and other factors as our board of directors may deem relevant. The ability of our board of directors to declare any dividends will be subject to certain limits imposed by the terms of our revolving credit facility and any then-existing debt instruments. See “Management Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Revolving Credit Facility.”

Capitalization

The following table describes our cash, debt and capitalization as of September 30, 2013:

- on an actual basis; and
- on an as adjusted basis, giving effect to:
 - the sale of 6,750,000 shares of our common stock in the offering at an assumed initial public offering price of \$15.00 per share (the midpoint of the price range set forth on the cover page of this prospectus); and
 - the application of the estimated net proceeds from the offering as described under “Use of Proceeds.”

You should read this table in conjunction with the sections captioned “Use of Proceeds,” “Selected Consolidated Financial Data,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our consolidated financial statements and the related notes thereto included elsewhere in this prospectus. The table below does not give effect to any exercise by the underwriters of their option to purchase additional shares of our common stock.

(\$ in thousands, except share amounts)	As of September 30, 2013	
	Actual	As Adjusted
Cash	\$ 5,270	\$ 5,270
Debt:		
Revolving credit facility	\$ 23,715	\$ 12,410
Notes payable	798	798
Total debt (1)	24,513	13,208
Mezzanine Equity:		
Series A Preferred Stock \$0.01 par value: 1,000 authorized, issued and outstanding, actual and no shares authorized, issued or outstanding, as adjusted	54,212	—
Redeemable Common Stock; \$0.01 par value: 5,850,000 authorized, issued and outstanding, actual and no shares authorized, issued or outstanding, as adjusted (2)	50,354	—
Stockholders’ Equity:		
Preferred stock, \$0.01 par value: 5,000,000 shares authorized and no shares issued outstanding, as adjusted	—	—
Common stock, \$0.01 par value: 27,200,862 shares authorized and 16,183,901 shares issued and outstanding, actual and 100,000,000 shares authorized and 28,783,901 shares issued and outstanding, as adjusted	162	288
Additional paid-in capital (2)	—	115,745
Accumulated deficit	(41,686)	(41,686)
Total stockholders’ equity	(41,524)	74,347
Total capitalization	\$ 87,555	\$ 87,555

(1) Excludes capital lease obligations of \$22.3 million.

(2) Upon the closing of this offering, the redemption feature of the 5,850,000 shares of our outstanding Redeemable Common Stock will terminate and there will be no redemption provisions applicable to any shares of our common stock. As a result, the 5,850,000 shares of our outstanding Redeemable Common Stock will be converted into common stock and recorded in Stockholders’ Equity, thus resulting in an increase to common stock and additional paid-in capital of \$60,000 and \$50.3 million, respectively.

A \$1.00 increase (decrease) in the assumed initial public offering price of \$15.00 per share (the midpoint of the price range set forth on the cover page of this prospectus) would increase (decrease) the “as adjusted” amounts of each of cash, total stockholders’ equity and total capitalization by \$6.3 million, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting estimated underwriting discounts and estimated offering expenses.

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A one million share increase (decrease) in the number of shares of common stock sold by us in this offering would increase (decrease) the “as adjusted” amounts of each of cash, total stockholders’ equity and total capitalization by approximately \$14.0 million, assuming an initial public offering price of \$15.00 per share, the midpoint of the price range set forth on the cover page of this prospectus, and after deducting estimated underwriting discounts and estimated offering expenses.

The “as adjusted” amounts discussed above are illustrative only and subject to the actual public offering price and the actual number of shares sold in this offering.

Dilution

Purchasers of shares of our common stock in this offering will incur an immediate and substantial dilution in net tangible book value per share of their shares of our common stock from the initial public offering price.

The difference between the per share offering price paid by purchasers of our common stock in this offering and the net tangible book value per share of our common stock after this offering constitutes the dilution to purchasers in this offering. Net tangible book value per share is determined by dividing our net tangible book value, which is our total tangible assets less total liabilities, by the number of outstanding shares of our common stock.

Our net tangible book value as of September 30, 2013 was \$(38,000), or \$(0.00) per share of common stock, based on 22,033,901 shares of our common stock outstanding.

After giving effect to our sale of 6,750,000 shares of common stock in this offering, at an assumed initial public offering price of \$15.00 per share, which is the midpoint of the price range set forth on the cover page of this prospectus, after deducting the underwriting discount and estimated offering expenses payable by us in connection with this offering, our net tangible book value as of September 30, 2013 would have been \$87.0 million, or \$3.02 per share. This represents an immediate increase in net tangible book value to existing stockholders of \$3.02 per share and an immediate dilution to new investors of \$11.98 per share. The following table illustrates this per share dilution:

Assumed initial public offering price	\$15.00
Net tangible book value per share as of September 30, 2013	(0.00)
Increase in net tangible book value per share attributable to new investors	3.02
Net tangible book value per share after this offering	3.02
Dilution per share to new investors	<u>\$11.98</u>

The following table sets forth, as of September 30, 2013, on an as adjusted basis for this offering, the number of shares of common stock purchased from us, the total consideration paid and the average price per share paid by our existing stockholders and to be paid by our new investors purchasing shares of common stock in this offering, at an assumed initial public offering price of \$15.00 per share, which is the midpoint of the price range set forth on the cover page of this prospectus, before deducting the underwriting discounts and estimated offering expenses payable by us in connection with this offering:

	Common Stock Purchased		Total Consideration (in thousands)		Average Price Per Share
	Number	Percent	Amount	Percent	
Existing stockholders (1)	22,033,901	77%	\$ 53,767	35%	\$ 2.44
New investors (1)	6,750,000	23	101,250	65	15.00
Total	<u>28,783,901</u>	<u>100%</u>	<u>\$155,017</u>	<u>100%</u>	<u>\$ 5.39</u>

(1) The number of shares purchased by existing stockholders includes shares being sold by the selling stockholder in this offering. The number of shares purchased by new investors does not include shares being sold by the selling stockholder in this offering.

A \$1.00 increase (decrease) in the assumed initial public offering price of \$15.00 per share of common stock, which is the midpoint of the price range set forth on the cover page of this prospectus, would increase (decrease) total consideration paid by new investors in this offering by \$6.8 million and would increase (decrease) the average price per share paid by new investors by \$1.00, assuming the number of common stock offered, as set forth on the cover page of this prospectus, remains the same and without deducting the estimated underwriting discounts and offering expenses payable by us in connection with this offering.

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Sales by the selling stockholder in this offering will reduce the number of shares held by existing stockholders to 19,783,901 shares, or approximately 69% (19,783,901 shares, or approximately 66%, if the underwriters exercise their option to purchase additional shares in full), and will increase the number of shares to be purchased by new investors to 9,000,000 shares, or approximately 31% (10,350,000 shares, or approximately 34%, if the underwriters exercise their option to purchase additional shares in full), of the total common stock outstanding after this offering.

If the underwriters exercise in full their option to purchase additional shares of our common stock in the offering, the following will occur:

- the number of shares of our common stock held by new investors will increase to 8,100,000, or 28% of the total number of shares of our common stock outstanding after this offering; and
- the net tangible book value would be \$3.51 per share and the dilution to new investors in this offering would be \$11.49 per share.

The foregoing table excludes 3,000,000 shares of our common stock reserved for future issuance under our 2014 Omnibus Incentive Plan, which will be effective upon the completion of this offering.

We may choose to raise additional capital due to market conditions or strategic considerations even if we believe we have sufficient funds for our current or future operating plans. To the extent additional capital is raised through the sale of equity or convertible debt securities, the issuance of these securities could result in further dilution to our stockholders. See “Risk Factors—Risks related to this offering and our common stock—Purchasing shares of our common stock in this offering will result in an immediate and substantial dilution of your investment.”

Selected Consolidated Financial Data

The following table sets forth selected historical consolidated financial data that should be read in conjunction with “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our consolidated financial statements and notes thereto included elsewhere in this prospectus. The selected historical consolidated financial data in this section is not intended to replace our historical consolidated financial statements and the related notes thereto. Our historical results are not necessarily indicative of future results, and our operating results for the six months ended June 30, 2013 and nine months ended September 30, 2013 are not necessarily indicative of the results that may be expected for the year ended December 31, 2013.

The selected consolidated balance sheet data as of December 31, 2011 and 2012 and June 30, 2013 and the selected consolidated statements of operations and cash flows data for each year ended December 31, 2011 and 2012 and for the six months ended June 30, 2013, have been derived from our audited consolidated financial statements that are included elsewhere in this prospectus.

The selected consolidated statement of operations and cash flows data for each of the six months ended June 30, 2012 and nine months ended September 30, 2012 and 2013 have been derived from our unaudited consolidated financial statements that are included elsewhere in this prospectus. The unaudited consolidated financial statements have been prepared on the same basis as our audited consolidated financial statements and include all adjustments (consisting of normal recurring adjustments) we considered necessary for a fair presentation of the results for the periods presented. Our consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States, or GAAP.

	Year ended December 31,		Six months ended June 30,		Nine months ended September 30,	
	2011	2012	2012	2013	2012	2013
(in thousands, except share and per share data)						
Statement of operations information:						
Net revenue	\$ 238,447	\$ 301,253	\$ 129,548	\$ 196,649	\$ 209,855	\$ 312,599
Cost of sales	181,221	227,210	97,574	148,120	157,616	234,121
Gross profit	57,226	74,043	31,974	48,529	52,239	78,478
Operating expenses						
Selling	18,446	19,807	9,765	11,908	14,443	18,454
Administrative (1)(2)	45,678	56,333	28,056	32,300	41,274	49,183
Management fees, related parties (2)	4,760	4,300	—	—	—	—
Gain on litigation settlement	—	(6,975)	—	—	—	—
Amortization	3,785	3,082	1,463	1,544	2,300	2,301
Impairment of intangibles	1,687	352	—	—	—	—
Other	—	(960)	(916)	—	(960)	—
Operating (loss) income	(17,130)	(1,896)	(6,394)	2,777	(4,818)	8,540
Other expense (income)						
Interest expense	3,673	1,979	863	1,044	1,476	1,657
Interest expense, related parties	3,321	—	—	—	—	—
Gain on extinguishment of debt	(18,542)	—	—	—	—	—
Other	159	(136)	(149)	(164)	(135)	(24)
(Loss) income before income taxes	(5,741)	(3,739)	(7,108)	1,897	(6,159)	6,907
Income tax provision	1,449	555	589	704	510	2,646
Net (loss) income from continuing operations	(7,190)	(4,294)	(7,697)	1,193	(6,669)	4,261

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	Year ended December 31,		Six months ended June 30,		Nine months ended September 30,	
	2011	2012	2012	2013	2012	2013
Loss (income) from discontinued operations	\$ 2,455	\$ (3,835)	\$ 320	\$ 773	\$ 530	\$ 960
Income tax (benefit) provision	(660)	1,447	(121)	(276)	(200)	(362)
Loss (income) from discontinued operations, net of tax	1,795	(2,388)	199	497	330	598
Net (loss) income	<u>\$ (8,985)</u>	<u>\$ (1,906)</u>	<u>\$ (7,896)</u>	<u>\$ 696</u>	<u>\$ (6,999)</u>	<u>\$ 3,663</u>
Accretion charges on Series A Redeemable Preferred Stock	(811)	(5,529)	(2,683)	(3,019)	(4,085)	(4,597)
Accretion charges on Pre-Recapitalization Preferred Units	(1,621)	—	—	—	—	—
Gain on extinguishment of Pre-Recapitalization Preferred Units	85,040	—	—	—	—	—
Net income (loss) attributable to common stockholders	<u>\$73,623</u>	<u>\$ (7,435)</u>	<u>\$ (10,579)</u>	<u>\$ (2,323)</u>	<u>\$ (11,084)</u>	<u>\$ (934)</u>
Net income (loss) per share attributable to common stockholders (basic and diluted):						
Continuing operations	\$ 3.87	\$ (0.49)	\$ (0.53)	\$ (0.09)	\$ (0.54)	\$ (0.01)
Discontinued operations	(0.09)	0.12	(0.01)	(0.02)	(0.02)	(0.03)
Net income (loss) per share:	<u>\$ 3.78</u>	<u>\$ (0.37)</u>	<u>\$ (0.54)</u>	<u>\$ (0.11)</u>	<u>\$ (0.56)</u>	<u>\$ (0.04)</u>
As adjusted net income (loss) per share attributable to common stockholders (basic and diluted) (3)(4):						
Continuing operations	\$ 2.91	\$ (0.16)	\$ (0.29)	\$ 0.04	\$ (0.25)	\$ 0.15
Discontinued operations	(0.07)	0.09	(0.01)	(0.02)	(0.01)	(0.02)
Net income (loss) per share:	<u>\$ 2.84</u>	<u>\$ (0.07)</u>	<u>\$ (0.30)</u>	<u>\$ 0.02</u>	<u>\$ (0.26)</u>	<u>\$ 0.13</u>
Weighted average number of shares outstanding:						
Basic and diluted	19,499,993	20,351,552	19,499,993	22,033,901	19,786,676	22,033,901
As adjusted basic and diluted (4)	26,249,993	27,101,552	26,249,993	28,783,901	26,536,676	28,783,901

(in thousands)	As of December 31,		As of	As of
	2011	2012	June 30,	September 30,
Balance sheet data:			2013	2013
Cash	\$ 2,528	\$ 3,898	\$ 3,853	\$ 5,270
Total current assets	56,554	75,768	87,835	93,733
Property and equipment, net	8,198	17,931	26,824	29,524
Total assets	127,526	160,752	181,496	189,687
Total funded debt (5)	21,255	30,075	49,700	46,790
Mezzanine equity (6)	59,587	66,861	100,254	104,566
Total stockholders' equity	(9,560)	(7,482)	(40,179)	(41,524)
Total mezzanine equity and stockholders' equity	50,027	59,379	60,075	63,042

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	Year ended December 31,		Six months ended June 30,		Nine months ended September 30,	
	2011	2012	2012	2013	2012	2013
(in thousands, except percentages and net revenue per completion)						
Statement of cash flows:						
Net cash provided by (used in):						
Operating activities	\$ (12,755)	\$ 4,594	\$ (2,664)	\$ (7,554)	\$ (2,173)	\$ 2,617
Investing activities	181	(2,743)	284	(1,041)	(106)	(1,551)
Financing activities	11,945	(481)	4,244	8,550	5,395	306
Other financial data:						
Adjusted EBITDA (7)	\$ (6,563)	\$ 6,205	\$ 1,680	\$ 7,629	\$ 5,173	\$ 16,272
Adjusted EBITDA margin (7)	(2.8)%	2.1%	1.3%	3.9%	2.5%	5.2%
Net revenue divided by total U.S. housing completions	\$ 408	\$ 464	\$ 468	\$ 582	\$ 454	\$ 572

- (1) In 2010, IBP Management Holdings, LLC and, in 2011, IBP Investment Holdings, LLC issued awards of their equity interests to certain of our employees. Certain of these employees were granted rights to put such equity awards during a limited period to Jeff Edwards, our Chairman, Chief Executive Officer and President. Accounting guidance requires that the compensation associated with these equity awards be pushed down to us and recorded as non-cash compensation expense. The non-cash compensation expense associated with the equity awards approximated \$0.8 million for the year ended December 31, 2011, \$4.7 million for the year ended December 31, 2012, \$4.6 million for the nine months ended September 30, 2012, and \$0 for the nine months ended September 30, 2013, and is included in administrative expenses.
- (2) For the year ended December 31, 2011, management fees represented amounts charged to us by IBP Holding Company, a related party, under agreements originally entered into in March 2004 and October 2007, which were terminated as a result of our Recapitalization. The associated expenses were transferred to us and IBP Holding Company personnel became our employees in January 2012. For the year ended December 31, 2012, management fees were paid to Littlejohn Managers, LLC (\$1.1 million), Jeff Edwards (\$2.7 million) and TCI Holdings, LLC (\$0.5 million) pursuant to an agreement dated December 18, 2012, which was terminated on November 22, 2013. No similar fees were charged during 2013, and we do not expect to incur management fees going forward.
Prior to November 1, 2013, Jeff Edwards served as a consultant and non-employee officer to us. As such he did not receive salary or bonus for 2012. The costs of Jeff Edwards's services were paid through the management agreements discussed above. See the sections of this prospectus captioned "Compensation of our Executive Officers and Directors" and "Certain Relationships and Related-Party Transactions—Management Agreements." Jeff Edwards did not receive any compensation during the nine months ended September 30, 2013. In anticipation of this offering and with a view towards operating as a public company, we entered into an employment agreement with Jeff Edwards on November 1, 2013 that will pay Mr. Edwards a minimum annual base salary of \$600,000 and provide him an opportunity to participate in the Company's annual incentive and benefit programs. Compensation paid by us to Mr. Edwards on or after November 1, 2013 will be recorded as an administrative expense in our consolidated statement of operations. As a result of the foregoing, our performance for the period ended September 30, 2013 will not be comparable in this respect to our operations in prior or subsequent periods and may not be indicative of future results.
- (3) Our net income (loss) attributable to common stockholders has been adjusted to reflect the elimination of the accretion charges on the Series A Preferred Stock upon the consummation of this offering.
- (4) Assumes the issuance of 6,750,000 additional shares as a result of this offering.
- (5) Total funded debt consists of current and long-term portions of long-term debt and capital lease obligations.
- (6) Consists of Series A Preferred Stock and Redeemable Common Stock.
- (7) Adjusted EBITDA measures performance by adjusting EBITDA for certain income and expense items that are not considered part of our core operations. The Adjusted EBITDA margin takes Adjusted EBITDA and divides it by net revenue. See "Non-GAAP Measures" in the section of this prospectus captioned "Management's Discussion and Analysis of Financial Condition and Results of Operations."

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The following table presents a reconciliation of Adjusted EBITDA to Net (loss) income, the most comparable GAAP measure, for each of the periods indicated.

(in thousands)	Year ended December 31,		Six months ended June 30,		Nine months ended September 30,	
	2011	2012	2012	2013	2012	2013
Net (loss) income	\$ (8,985)	\$ (1,906)	\$ (7,896)	\$ 696	\$ (6,999)	\$ 3,663
Interest expense	6,994(a)	1,979	863	1,044	1,476	1,657
Provision for income taxes (b)	1,449	555	589	704	510	2,646
Depreciation and amortization	9,087	7,894	3,550	5,185	5,539	8,306
EBITDA	8,545	8,522	(2,894)	7,629	526	16,272
Gain on extinguishment of debt (c)	(18,542)	—	—	—	—	—
Recapitalization transaction fees (d)	2,654	—	—	—	—	—
Legal settlement (e)	—	(6,975)	—	—	—	—
Non-cash stock compensation (f)	780	4,658	4,574	—	4,647	—
Adjusted EBITDA	\$ (6,563)	\$ 6,205	\$ 1,680	\$ 7,629	\$ 5,173	\$ 16,272

- a. Consists of interest expense of \$3,673 on debt and related-party interest of \$3,321. The related-party interest was forgiven in connection with our Recapitalization.
- b. Excludes income taxes related to discontinued operations.
- c. Represents the gain recorded in the 2011 Consolidated Statement of Operations related to the extinguishment of certain first lien senior secured indebtedness in connection with our Recapitalization.
- d. Represents expenses related to the Recapitalization.
- e. Represents the settlement in 2012 of a class action lawsuit in which we were one of the plaintiffs. The lawsuit related to excess material prices being charged by certain manufacturers.
- f. In 2010, IBP Management Holdings, LLC and, in 2011, IBP Investment Holdings, LLC issued awards of their equity interests to certain of our employees. Certain of these employees were granted rights to put such equity awards during a limited period to Jeff Edwards, our Chairman, Chief Executive Officer and President. Accounting guidance requires that the compensation associated with these equity awards be pushed down to us and recorded as non-cash compensation expense.

Management's Discussion and Analysis of Financial Condition and Results of Operations

You should read the following in conjunction with the sections of this prospectus captioned "Risk Factors," "Information Regarding Forward-Looking Statements," "Selected Consolidated Financial Data" and "Our Business" and our consolidated financial statements and the related notes thereto included elsewhere in this prospectus. This discussion contains forward-looking statements reflecting current expectations that involve risks and uncertainties. Actual results and the timing of events may differ materially from those contained in these forward-looking statements due to a number of factors, including those discussed in the section captioned "Risk Factors" and elsewhere in this prospectus.

OVERVIEW

We are the second largest new residential insulation installer in the United States based on our internal estimates, with a national platform consisting of over 100 locations serving customers in 44 states. We also install complementary building products, including garage doors, rain gutters, shower doors, closet shelving and mirrors. Insulation installation comprised approximately 74% of our net revenue for the nine-month period ended September 30, 2013, and we expect this category to continue to account for a substantial majority of our business for the foreseeable future. The new single-family end market comprised approximately 73% of our net revenue for the nine-month period ended September 30, 2013. We also participate in the new multi-family, repair and remodel and commercial end markets.

Substantially all of our net revenue comes from service-based installation of various products in the residential new construction, repair and remodel and commercial construction end markets. We manage all aspects of the installation process for our customers, from our direct purchase and receipt of materials from national manufacturers, to our timely supply of materials to job sites and quality installation. Installation of insulation, which includes air sealing, is a critical phase in the construction process, as certain interior work cannot begin until the insulation phase passes inspection. Our branches have expertise in local building codes and energy-efficient building practices, and strong working relationships with homebuilders and on-site construction managers. At the same time, our centralized corporate support functions allow us to leverage our longstanding supplier relationships, web-based information system and other dedicated corporate services to benefit our operations as a whole.

Our business began in 1977 with one location in Columbus, Ohio. In the late 1990s, we began our acquisition strategy with the goal of creating a national platform. Since 1999, we have successfully completed and integrated over 90 acquisitions, which has allowed us to generate significant scale and to diversify our product offering while expanding into some of the most attractive housing markets in the United States. We are well positioned to continue to grow our business through acquisitions, market share gains and the ongoing housing recovery. We estimate that we have grown our share of the U.S. residential new construction insulation installation market from approximately 5% as of December 31, 2005 to approximately 16% as of September 30, 2013, based on total U.S. housing completions. Our company operations are aligned such that we operate as one operating segment and a single reportable segment.

KEY FACTORS AFFECTING OUR OPERATING RESULTS

Conditions in the U.S. residential new construction industry and U.S. economy.

Our business is driven primarily by the U.S. residential new construction market, which is in turn dependent upon a number of economic factors, including demographic trends, interest rates, consumer confidence, employment rates, housing inventory levels, foreclosure rates, the health of the economy and availability of mortgage financing. The housing downturn that began in 2006 caused many builders to significantly decrease their production of housing units because of lower demand and excess inventory. According to the U.S. Census Bureau, total housing starts averaged approximately 1.6 million per year from 1968 to 2006. From 2007 to 2012, housing starts averaged approximately 800,000 per year, reaching a low in 2009 of approximately 554,000. After remaining relatively flat in 2010 and 2011, the housing industry started to recover in 2012 with U.S. housing

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starts increasing to approximately 781,000 in 2012, which was the highest level achieved since 2008. Due to the lower levels in housing starts and construction activity, we experienced pressure on both our gross and operating margins until the recovery began in 2012.

We believe there are several trends that should drive long-term growth in the housing market. These trends include housing affordability, an aging housing stock, population growth and growth in household formation. These positive trends are reflected in Blue Chip's most recent consensus forecast, which projects housing starts to increase to approximately 1.1 million in 2014 and approximately 1.3 million in 2015. In NAHB's 2013 Economic and Housing Outlook, it cites improving overall economic characteristics in U.S. housing markets, which include positive demographic trends in household formations and household balance sheets. Additionally in its 2013 State of The Nation's Housing report, the Joint Center of Housing Studies of Harvard University describes a continued trend of increases in housing prices and strong housing demand relative to housing supply. We expect that our net revenue, gross profit, and operating income will benefit from these trends. In addition, we continue to experience improved operating efficiencies resulting from certain costs, such as administrative wages and benefits, facility costs and other operating and administrative costs, increasing at a lower rate than the rate at which net revenue increases. For the nine months ended September 30, 2013, our net revenue increased 49% compared to the nine months ended September 30, 2012, while our operating expenses related to selling and administrative increased by 21.4% during the same period, as facilities and certain other administrative costs did not increase at the same rate as net revenue. Excluding non-cash stock compensation expense incurred in the first nine months ended September 30, 2012, operating expenses increased 33.4% during the nine months ended September 30, 2013. We continuously monitor housing market growth trends across the United States in an effort to properly allocate resources in order to maximize operating efficiencies and assess geographic expansion opportunities.

Trends in the construction industry

Our operating results may vary according to the amount and type of products we install and the mix of our end-markets among new single-family, multi-family and commercial builders and owners of existing homes. The NAHB forecasts a higher rate of growth in single-family new home construction compared to that for multi-family new home construction. We expect to benefit from this shift in mix because our net revenue per single-family completion is approximately three times our net revenue per multi-family completion. As the housing market recovery continues, we expect to benefit not only from the increased participation of large homebuilders in the early stages of the recovery, but also as custom builders and individual lot owners build more in the later stages of the U.S. housing recovery. We maintain an attractive mix of business among all types of homebuilders. Our net revenue derived from the ten largest homebuilders in the United States increased from approximately 7.5% in the year ended December 31, 2010 to approximately 10.7% in the nine months ended September 30, 2013. We are also particularly well positioned with custom home builders, given our geography and market share position with these customers, to take advantage of the later stages of the recovery cycle. In addition to providing services to the residential new construction and repair and remodel end markets, we provide services to the commercial construction end market, which represented approximately 11.2% of our total net revenue for the period ended September 30, 2013. The McGraw Hill 2013 Dodge Construction Outlook (third quarter update) forecasts a 5% year-over-year increase in square footage for commercial construction in 2013 and a 17% year-over-year increase in 2014. We also expect to see an increase in repair and remodel activity as the housing market recovery progresses.

We also expect our net revenue, gross profit, and operating income to benefit, over time, from increased adoption by states and municipalities of the 2012 IECC.

Material costs

We purchase the materials that we install primarily from manufacturers. We believe that, as a result of our national scale and long-standing relationships with many of our suppliers, we will continue to have access to an adequate supply of these materials at favorable prices to keep up with the growing demand for our products as

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the housing market recovers. Prices for our products have generally been subject to cyclical market fluctuations and track the health of the U.S. residential new construction market. In the event that increased demand leads to higher prices for the products that we install, due to the fragmented and competitive nature of our industry, we may have limited, if any, ability to pass on price increases in a timely manner or at all. In the past, we have generally been able to pass on these increases to our customers over time.

Labor costs

Our business is labor intensive. As of September 30, 2013, we had approximately 3,100 employees, most of whom work as installers on local construction sites. As the housing market continues to recover, we expect that labor markets will tighten as the demand for installers increases. Tighter labor markets may make it more difficult for us to hire and retain installers and could also increase our labor costs. We will also be required to spend more on training as we hire additional installers. We offer a comprehensive benefits package, which many of our local competitors are not able to provide and which will increase our costs as we hire additional personnel. We are still assessing the impact of recent legislation governing health care benefits and other insurance costs to determine any potential impact on our labor costs. We expect to recognize one-time, non-recurring costs related to our settlement of a class action lawsuit in Washington State in the fourth quarter of 2013, subject to court approval of the settlement. See “Business—Legal Proceedings.”

Other factors

We expect our selling and administrative expenses to continue to increase in absolute dollars as we incur increased costs related to the growth of our business and our operation as a public company, which could impact our future operating profitability. Upon completion of this offering, we expect to incur incremental annual costs related to operating as a public company of approximately \$3.0 to \$4.0 million, although there can be no assurance that these costs will not be higher, particularly when we are no longer an emerging growth company. Included in this amount is additional compensation expense for Jeff Edwards, our Chief Executive Officer, who, prior to November 1, 2013, did not receive any base salary compensation. See “Compensation of our Executive Officers and Directors—Compensation of our Executive Officers—Employment Agreement with Jeff Edwards” for additional information regarding these compensation arrangements.

ACQUISITIONS

Since 1999, our acquisition strategy has allowed us to generate significant scale, diversify our product offering and expand into many of the largest housing markets in the United States. We have pursued and will continue to pursue both geographic expansion and tuck-in acquisitions in existing markets. We will look to complete acquisitions that meet our criteria, which include a strong local reputation and high-quality management and labor force. Our acquisition strategy is also focused on using our national buying power, value-enhancing technology and proven operating platform to achieve operating efficiencies in our acquisitions. We have historically been more active in pursuing acquisitions during periods of housing market growth.

During 2012, we completed seven acquisitions, comprised of five asset acquisitions and two business combinations as defined by Accounting Standards Codification 805 “Business Combinations.” The two business combinations made during 2012 are described below.

- On August 31, 2012, we acquired TCI Contracting, LLC and its subsidiaries for a purchase price of \$4.7 million, which consisted of \$0.6 million in cash (in the form of a seller note) and 2,533,908 shares of our common stock (valued at \$4.1 million at the acquisition date). Our acquisition of TCI Contracting, LLC added 14 operating locations in nine states. These locations install insulation as well as our other complementary building products.
- On November 16, 2012, we acquired Accurate Insulation LLC for approximately \$1.2 million in cash. Our acquisition of Accurate Insulation LLC added one branch consisting of two locations in Maryland. These locations primarily offer insulation installation services.

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For additional information concerning these business combinations, see Note 12 to our audited consolidated financial statements for the year ended December 31, 2012 included elsewhere in this prospectus.

The five asset acquisitions in 2012 consisted of various asset purchases of vehicles and other assets for which we paid approximately \$0.5 million dollars in aggregate consideration.

As part of our ongoing strategy to increase market share in certain markets, we acquired Pensacola, Florida-based Ace Insulation Contractors, Inc. (“Ace”) in March 2013 for a total purchase price of approximately \$1.0 million, consisting of \$0.7 million in cash and \$0.3 million in seller notes. For additional information concerning the Ace business combination, see Note 12 to our audited consolidated financial statements for the period ended June 30, 2013 included elsewhere in this prospectus.

Direct acquisition and integration costs for the year ended December 31, 2012 and for the nine months ended September 30, 2013 were not material and were expensed as incurred. We have in the past been, and may in the future be, subject to post-closing payment obligations under contracts we enter into with businesses we acquire.

OUR RECAPITALIZATION

On November 4, 2011, we completed a recapitalization involving our then outstanding indebtedness and equity interests and the combination of our business operations. Prior to our recapitalization, we operated through two companies that were under common control, IBP Holdings, LLC, or IBP I, and IBP Holdings II, LLC, or IBP II. References in this prospectus to IBP I also may refer to Installed Building Products, LLC, its direct wholly owned operating subsidiary, and references to IBP II also may refer to Installed Building Products II, LLC its direct wholly owned operating subsidiary. These two entities operated as distinct legal entities in substantially the same business in different geographic markets. Each had its own credit facility. The recapitalization served, in part, to provide common ownership and lender relationships for all of our operations. On November 4, 2011, in connection with our recapitalization, Installed Building Products, Inc., formerly known as CCIB Holdco, Inc., became the parent of IBP I and IBP II and their respective subsidiaries. Our recapitalization involved: (i) the repayment and cancellation of outstanding indebtedness of IBP I and IBP II of approximately \$126.5 million, which resulted in a gain of \$18.5 million, (ii) capital contributions from our stockholders in the amount of \$12.0 million to repay debt, (iii) the exchange by the equityholders of IBP I and IBP II for new equity interests in us, which resulted in a gain attributable to our common stockholders of \$85.0 million that did not impact net loss from continuing operations, and (iv) entry into our existing credit facility.

The above described series of events are referred to in this prospectus as our Recapitalization. Certain of our affiliates participated in our Recapitalization. See “Certain Relationships and Related-Party Transactions” included elsewhere in this prospectus. See Note 1 to our audited consolidated financial statements for the year ended December 31, 2012 included elsewhere in this prospectus for a more detailed description of IBP I’s and IBP II’s previously existing credit facilities and our revolving credit facility.

SEASONALITY

We tend to have higher sales during the second half of the year as our homebuilder customers complete construction of homes placed under contract for sale in the traditionally stronger spring selling season. In addition, some of our larger branches operate in states more impacted by winter weather and as such experience a slowdown in construction activity during the first quarter of the calendar year. This winter slowdown contributes to traditionally lower sales in our first quarter.

The composition and level of our working capital typically change during periods of increasing sales as we carry more inventory and receivables, although this is generally offset in part by higher trade payables to our suppliers. Working capital levels typically increase in the summer and fall seasons due to higher sales during the peak of residential construction activity. The subsequent collection of receivables and reduction in inventory levels during the fourth quarter has typically positively impacted cash flow. In the past, from time to time, we have utilized our borrowing availability under our credit facilities to cover short-term working capital needs, including, for example, during the winter slowdown.

NON-GAAP MEASURES

In addition to the results reported in accordance with GAAP, we have provided information in this prospectus relating to Adjusted EBITDA and Adjusted EBITDA margin.

Adjusted EBITDA and Adjusted EBITDA margin

Adjusted EBITDA measures performance by adjusting EBITDA for certain income or expense items that are not considered part of our core operations. Adjusted EBITDA margin takes Adjusted EBITDA and divides it by net revenue. We believe that the presentation of these measures provides useful information to investors regarding our results of operations because it assists both investors and us in analyzing and benchmarking the performance and value of our business. We also believe these measures are useful to investors and us as measures of comparative operating performance from period to period as they measure our changes in pricing decisions, cost controls and other factors that impact operating performance, and they remove the effect of our capital structure (primarily interest expense), asset base (primarily depreciation and amortization), items outside our control (primarily income taxes) and the volatility related to the timing and extent of other activities such as asset impairments and non-core income and expenses. Accordingly, we believe that these measures are useful for comparing general operating performance from period to period. In addition, we use various EBITDA-based measures in determining certain of our incentive compensation programs. Other companies may define Adjusted EBITDA and Adjusted EBITDA margin differently and, as a result, our measures may not be directly comparable to measures of other companies. In addition, Adjusted EBITDA may be defined differently for purposes of covenants contained in our revolving credit facility or any future facility.

Although we use these measures to assess the performance of our business, the uses of the measures are limited because they do not include certain material expenses, such as interest and taxes, necessary to operate our business. Adjusted EBITDA and Adjusted EBITDA margin should be considered in addition to, and not as substitutes for, net income (loss) in accordance with GAAP as a measure of performance. Our presentation of these measures should not be construed as an indication that our future results will be unaffected by unusual or non-recurring items. These measures have limitations as analytical tools, and you should not consider them in isolation or as substitutes for analysis of our results as reported under GAAP. Because of these limitations, these measures are not intended as alternatives to net income (loss) from continuing operations as indicators of our operating performance, as alternatives to any other measure of performance in conformity with GAAP or as alternatives to cash flow provided by operating activities as measures of liquidity. You should therefore not place undue reliance on these measures or ratios calculated using those measures.

COMPONENTS OF RESULTS OF OPERATIONS

Net Revenue. Net revenue is derived from installation of products sold to our customers. Revenue from the sale and installation of products to customers are recognized at the time installation is complete. We track and analyze net revenue by the number of completed jobs.

Cost of Sales. Our cost of sales is comprised of the costs of materials and labor to purchase and install our products for our customers. Also included in our cost of sales are the cost of safety and other supplies, workers compensation insurance and certain costs to manage our warehouses, as well as the following vehicle-related expenses: fuel, repairs and maintenance, depreciation, lease expense, insurance, licensing and titling.

Selling Expenses. Selling expenses primarily include wages and commissions for our sales staff, advertising and bad debt expense.

Administrative Expenses. Administrative expenses include wages and benefits for branch management and administrative personnel, corporate office personnel, non-cash stock compensation, facility costs, office supplies, telecommunications, legal, accounting and general liability insurance costs. For periods after November 1, 2013, the costs of Jeff Edwards' services to us will be paid through an employment agreement and will be included in

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administrative expenses. Prior to such date, Mr. Edwards was compensated through management agreements and such amounts were recorded in management fees. As a result, our performance for certain periods presented may not be comparable in this respect.

Management Fees. For the year ended December 31, 2011, management fees represented amounts charged to us by IBP Holding Company, a related party, under agreements originally entered into in March 2004 and October 2007. These agreements were terminated and the associated fees were no longer charged to us beginning in January 2012 as a result of our Recapitalization. For the year ended December 31, 2012, management fees were paid to Littlejohn Managers, LLC (\$1.1 million), Jeff Edwards (\$2.7 million) and TCI Holdings, LLC (\$0.5 million) pursuant to an agreement dated December 18, 2012, which was terminated on November 22, 2013. No similar fees were charged during 2013, and we do not expect to incur management fees going forward. Prior to November 1, 2013, Jeff Edwards served as a consultant and non-employee officer to us. As such, he did not receive salary or bonus for 2012 or for the period from January 1, 2013 to October 31, 2013. The costs of Jeff Edwards' services were paid through the management agreements discussed above. For periods after November 1, 2013, Mr. Edwards' salary and bonus will be included in administrative expenses. See the sections of this prospectus captioned "Compensation of our Executive Officers and Directors" and "Certain Relationships and Related-Party Transactions—Management Agreements."

Amortization Expense. Amortization expense represents the decline in value over time of definite-lived intangible assets such as trademarks, trade names, customer lists and non-competition agreements obtained as a result of past acquisitions.

Impairment Expense. Impairment expense represents the difference in carrying value and fair value of an asset recognized during a period.

Other Operating Expense (Income). Other operating expense (income) includes a net gain on a litigation settlement and a gain from insurance proceeds.

Interest Expense, Net. Interest expense, net relates primarily to our interest expense on capital leases and our revolving lines of credit.

Gain on Extinguishment of Debt. Gain on extinguishment of debt represents the difference between the carrying amount of the extinguished debt and the fair value of equity provided to stockholders in exchange for that debt.

Other Expense (Income), Net. Other expense (income), net includes profit and losses related to and various miscellaneous non-operating expenses.

Income Taxes. Income taxes are recorded using the asset and liability method of accounting for income taxes. Under the asset and liability method, deferred tax assets and liabilities are recognized for the deferred tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those differences are expected to be recovered or settled.

Discontinued Operations. Gain (loss) from discontinued operations represents the after tax gain or loss on the sale or closure of operations of our business and the after tax effect of the discontinued operations for all periods presented.

Accretion charges on Series A Redeemable Preferred Stock and Pre-Recapitalization Preferred Units. Accretion charges on Series A Redeemable Preferred Stock and Pre-Recapitalization Preferred Units represent the change in carrying value of such shares and units during the period as they are accreted from the initial carrying value at the date of issuance to the redemption value at the earliest redemption date.

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Results of Operations

The following table sets forth our operating results for the periods indicated.

(in thousands)	Year ended December 31,		Six months ended June 30,		Nine months ended September 30,	
	2011	2012	2012	2013	2012	2013
Statement of operations information:						
Net revenue	\$ 238,447	\$ 301,253	\$ 129,548	\$ 196,649	\$ 209,855	\$ 312,599
Cost of sales	181,221	227,210	97,574	148,120	157,616	234,121
Gross profit	57,226	74,043	31,974	48,529	52,239	78,478
Operating expenses						
Selling	18,446	19,807	9,765	11,908	14,443	18,454
Administrative	45,678	56,333	28,056	32,300	41,274	49,183
Management fees, related parties	4,760	4,300	—	—	—	—
Gain on litigation settlement	—	(6,975)	—	—	—	—
Amortization	3,785	3,082	1,463	1,544	2,300	2,301
Impairment of intangibles	1,687	352	—	—	—	—
Other	—	(960)	(916)	—	(960)	—
Operating (loss) income	(17,130)	(1,896)	(6,394)	2,777	(4,818)	8,540
Other expense (income)						
Interest expense	3,673	1,979	863	1,044	1,476	1,657
Interest expense, related parties	3,321	—	—	—	—	—
Gain on extinguishment of debt	(18,542)	—	—	—	—	—
Other	159	(136)	(149)	(164)	(135)	(24)
(Loss) income before income taxes	(5,741)	(3,739)	(7,108)	1,897	(6,159)	6,907
Income tax provision	1,449	555	589	704	510	2,646
Net (loss) income from continuing operations	(7,190)	(4,294)	(7,697)	1,193	(6,669)	4,261
Loss (income) from discontinued operations	2,455	(3,835)	320	773	530	960
Income tax (benefit) provision	(660)	1,447	(121)	(276)	(200)	(362)
Loss (income) from discontinued operations, net of tax	1,795	(2,388)	199	497	330	598
Net (loss) income	<u>\$ (8,985)</u>	<u>\$ (1,906)</u>	<u>\$ (7,896)</u>	<u>\$ 696</u>	<u>\$ (6,999)</u>	<u>\$ 3,663</u>
Accretion charges on Series A Redeemable Preferred Stock	(811)	(5,529)	(2,683)	(3,019)	(4,085)	(4,597)
Accretion charges on Pre-Recapitalization Preferred Units	(1,621)	—	—	—	—	—
Gain on extinguishment of Preferred Units	85,040	—	—	—	—	—
Net income (loss) attributable to common stockholders	<u>\$ 73,623</u>	<u>\$ (7,435)</u>	<u>\$ (10,579)</u>	<u>\$ (2,323)</u>	<u>\$ (11,084)</u>	<u>\$ (934)</u>

Nine Months Ended September 30, 2013 Compared to Nine Months Ended September 30, 2012

Net Revenue

For the nine months ended September 30, 2013, net revenue increased \$102.7 million, or 49.0%, to \$312.6 million from \$209.9 million during the nine months ended September 30, 2012. The increase in net revenue included revenue from acquisitions of \$40.3 million. Of the remaining \$62.4 million increase in net revenue, approximately \$48.3 million, or 47.0% of the increase, was predominantly attributable to growth in the number of completed jobs in the residential new construction end market. The remaining increase in net revenue of approximately \$14.2 million, or 13.8% of the increase, resulted from a variety of factors including customer and product mix, market pricing variations and insulation volumes driven by building code requirements. Of these, no one factor was more significant than any other. For the nine months ended September 30, 2013, approximately 25% of the increase in our net revenue was generated by 14% of our branches with approximately 50% of our branches, including acquired branches, accounting for 53% of the increase.

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Cost of sales

For the nine months ended September 30, 2013, cost of sales increased \$76.5 million, or 48.5%, to \$234.1 million from \$157.6 million during the nine months ended September 30, 2012. The increase in cost of sales included increases from acquired businesses of approximately \$31.1 million. Of the remaining \$45.4 million in increases, approximately \$36.3 million, or 47.5% of the increase, was predominantly attributable to growth in the number of completed jobs in the residential new construction end market. Additionally, cost of sales increased \$8.7 million, or 11.4% of the increase, as a result of a variety of factors including customer and product mix, market pricing variations and insulation volumes driven by building code requirements. Of these items, no one was more significant than the other. Depreciation expense increased \$2.3 million as a result of increased investment in vehicles and equipment to support our growth. This increase was partially offset by \$1.9 million in improved leverage of our branch cost structures.

Operating expenses

Selling

For the nine months ended September 30, 2013, selling expenses increased \$4.0 million, or 27.8%, to \$18.5 million from \$14.4 million for the nine months ended September 30, 2012. This increase was primarily due to increases in wages and commissions of \$1.0 million and \$3.0 million, respectively, to support increased sales. However, selling expenses declined by 1.0% as a percentage of net revenue for the nine months ended September 30, 2013, as compared to the nine months ended September 30, 2012, as a result of reduced advertising expense and wages as a percentage of net revenue.

Administrative

For the nine months ended September 30, 2013, administrative expenses increased \$7.9 million, or 19.2%, to \$49.2 million from \$41.3 million for the nine months ended September 30, 2012. During the nine months ended September 30, 2012, we recorded a \$4.6 million non-cash compensation charge. There was no similar expense for the nine months ended September 30, 2013. Excluding non-cash compensation, administrative expenses increased \$12.5 million, a 34.1% increase. The increase was driven primarily by increases in wages and benefits of \$7.8 million and facility costs of \$1.2 million attributable to acquisitions and our organic growth, along with a \$3.5 million increase in other administrative costs that includes items such as liability insurance, telephone expenses, travel expenses and accounting and consulting fees. Despite these increases, administrative expenses declined on an overall basis as a percentage of net revenue from 17.5% to 15.7%, after adjusting for the impact of the non-cash compensation expense, due to operating efficiencies from higher sales.

Administrative expenses do not include any compensation expense for Mr. Edwards during the nine months ended September 30, 2013. In anticipation of this offering and with a view towards operating as a public company, we entered into an employment agreement with Jeff Edwards on November 1, 2013 that will pay Mr. Edwards a minimum annual base salary of \$600,000 and provide him an opportunity to participate in our annual incentive and benefit programs. Compensation paid by us to Mr. Edwards on or after November 1, 2013 will be recorded as an administrative expense in our consolidated statement of operations. Previously, Mr. Edwards served as a consultant and non-employee officer to us and did not receive a salary. Instead, Mr. Edwards was compensated through certain management agreements described in additional detail under the caption "Certain Relationships and Related-Party Transactions—Management Agreements." As a result, our performance for the period ended September 30, 2013 is not comparable in this respect to our operations from prior periods, will not be comparable in this respect to future periods and may not be indicative of future results.

Amortization

Amortization expense was relatively flat for the nine months ended September 30, 2013 compared to the nine months ended September 30, 2012 at \$2.3 million.

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Other

For the nine months ended September 30, 2012, other income was comprised of a \$1.0 million gain associated with insurance claims for a fire that occurred at one of our branches.

Other expense (income)

Interest expense

For the nine months ended September 30, 2013, interest expense was \$1.7 million, compared to \$1.5 million for the nine months ended September 30, 2012. This increase was a result of higher average outstanding borrowings under our revolving credit facility to support working capital growth required to support our increased net revenue.

Other

Other income was relatively flat for the nine months ended September 30, 2013 compared to the nine months ended September 30, 2012 at \$0.1 million.

Income tax provision

For the nine months ended September 30, 2013, income tax expense increased \$2.1 million to \$2.6 million from \$0.5 million for the nine months ended September 30, 2012. This increase resulted from the significant increase in income from continuing operations and the impact of the \$4.6 million in non-deductible stock-based compensation in the nine months ended September 30, 2012.

Loss from discontinued operations

For the nine months ended September 30, 2013 and the nine months ended September 30, 2012, we elected to discontinue certain locations as the result of underperforming markets. For the nine months ended September 30, 2013, we had a loss from discontinued operations of \$0.6 million compared to a loss from discontinued operations of \$0.3 million for the nine months ended September 30, 2012.

Six Months Ended June 30, 2013 Compared to Six Months Ended June 30, 2012

Net revenue

For the six months ended June 30, 2013, net revenue increased \$67.1 million, or 51.8%, to \$196.6 million from \$129.5 million during the six months ended June 30, 2012. The increase in net revenue included revenue from acquisitions of \$27.1 million. Of the remaining \$40.0 million increase in net revenue, approximately \$33.1 million, or 49.3% of the increase, was predominantly attributable to growth in the number of completed jobs in the residential new construction end market. The remaining increase in net revenue of approximately \$6.9 million, or 10.3% of the increase, resulted from a variety of factors including customer and product mix, market pricing variations and insulation volumes driven by building code requirements. Of these, no one factor was more significant than any other. For the six months ended June 30, 2013, approximately 25% of the increase in our net revenue was generated by 12% of our branches with approximately 50% of our branches, including acquired branches, accounting for 54% of the increase.

Cost of sales

For the six months ended June 30, 2013, cost of sales increased \$50.5 million, or 51.8%, to \$148.1 million from \$97.6 million during the six months ended June 30, 2012. The increase in cost of sales included increases from acquired businesses of approximately \$20.7 million.

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Of the remaining \$29.8 million in increases, approximately \$24.9 million, or 49.3% of the increase, was predominantly attributable to growth in the number of completed jobs in the residential new construction end market. Additionally, cost of sales increased \$4.5 million, or 8.9% of the increase, as a result of a variety of factors including customer and product mix, market pricing variations and insulation volumes driven by building code requirements. Of these items, no one was more significant than the other. Depreciation expense increased \$1.3 million as a result of increased investment in vehicles and equipment to support our growth. This increase was partially offset by \$0.8 million in improved leverage of our branch cost structures.

Operating expenses

Selling

For the six months ended June 30, 2013, selling expenses increased \$2.1 million, or 21.9%, to \$11.9 million from \$9.8 million for the six months ended June 30, 2012. This increase was primarily due to increases in wages and commissions of \$0.8 million and \$1.6 million, respectively, to support increased sales. These increases were offset by a \$0.3 million decrease in advertising expense and other miscellaneous selling expenses. Selling expenses declined by 1.5% as a percentage of net revenue for the six months ended June 30, 2013, as compared to the six months ended June 30, 2012, as a result of reduced advertising expense and wages as a percentage of net revenue.

Administrative

For the six months ended June 30, 2013, administrative expenses increased \$4.2 million, or 15.1%, to \$32.3 million from \$28.1 million for the six months ended June 30, 2012. During the first six months ended June 30, 2012 we recorded a \$4.6 million non-cash compensation charge. There was no similar expense for the six months ended June 30, 2013. Excluding non-cash compensation, administrative expenses increased \$8.8 million, a 37.6% increase. The increase was driven primarily by an increase in wages and benefits of \$5.3 million and facility costs of \$0.9 million attributable to acquisitions and our organic growth, along with a \$2.6 million increase in miscellaneous other administrative costs including liability insurance, telephone expenses, travel expenses and accounting and consulting fees. Despite these increases, administrative expenses declined on an overall basis as a percentage of net revenue from 18.1% and 16.4%, after adjusting for the impact of the non-cash compensation expense, due to operating efficiencies from higher sales.

Amortization

Amortization expense was relatively flat for the six months ended June 30, 2013 compared to the six months ended June 30, 2012, at \$1.5 million.

Other

For the six months ended June 30, 2012, other income was comprised primarily of a \$0.9 million gain associated with insurance claims for a fire that occurred at one of our branches.

Other expense (income)

Interest expense

For the six months ended June 30, 2013, interest expense was \$1.0 million, compared to \$0.9 million for the six months ended June 30, 2012. This increase was a result of higher average outstanding borrowings under our revolving credit facility to support working capital growth required to support our increased net revenue.

Other

For the six months ended June 30, 2013, other income increased to \$0.2 million compared to \$0.1 million for the six months ended June 30, 2012.

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Income tax provision

For the six months ended June 30, 2013, income tax expense increased \$0.1 million to \$0.7 million from \$0.6 million for the six months ended June 30, 2012.

Loss from discontinued operations, net

For the six months ended June 30, 2013, we had a loss from discontinued operations of \$0.5 million compared to a loss from discontinued operations of \$0.2 million for the six months ended June 30, 2012 due to the closure of locations in certain underperforming markets.

Year Ended December 31, 2012 Compared to the Year Ended December 31, 2011

Net revenue

For the year ended December 31, 2012, net revenue increased \$62.8 million, or 26.3%, to \$301.3 million from \$238.4 million during the year ended December 31, 2011. The increase in net revenue included revenue from acquisitions of approximately \$14.0 million. Of the remaining \$48.8 million increase in net revenue, approximately \$37.1 million, or 59.1% of the increase, was predominantly attributable to growth in the number of completed jobs in the residential new construction end market. The remaining increase in net revenue of approximately \$11.7 million, or 18.6% of the increase, resulted from a variety of factors including customer and product mix, market pricing variations and insulation volumes driven by building code requirements. Of these, no one factor was more significant than any other. For the year ended December 31, 2012, approximately 25% of the increase in our net revenue was generated by 6% of our branches with approximately 50% of our branches, including acquired branches, accounting for 82% of the increase.

Cost of sales

For the year ended December 31, 2012, cost of sales increased \$46.0 million, or 25.4%, to \$227.2 million from \$181.2 million during the year ended December 31, 2011. The increase in cost of sales included increases from acquired businesses of approximately \$10.0 million. Of the remaining \$36.0 million in increases, approximately \$28.2 million, or 61.3% of the increase, was predominantly attributable to increased growth in the number of completed jobs in the residential new construction end market. Additionally, cost of sales increased \$9.9 million, or 21.5% of the increase, as a result of a variety of factors including customer and product mix, market pricing variations and insulation volumes driven by building code requirements. Of these items, no one was more significant than the other. Improved leverage of our branch cost structures resulted in cost of sales improvement of approximately \$2.1 million.

Operating expenses

Selling

For the year ended December 31, 2012, selling expenses increased \$1.4 million, or 7.4%, to \$19.8 million from \$18.4 million for the year ended December 31, 2011. This increase was due to increases in wages and commissions of \$0.6 million and \$2.3 million, respectively, to support higher sales and was offset by a reduction in bad debt expense of approximately \$1.7 million. Selling expenses declined by 1.2% as a percentage of net revenue for the year ended December 31, 2012 as compared to the year ended December 31, 2011, as a result of bad debt expense and wages comprising a lower percentage of net revenue.

Administrative

For the year ended December 31, 2012, administrative expenses increased \$10.7 million, or 23.3%, to \$56.3 million from \$45.7 million for the year ended December 31, 2011. During the years ended December 31, 2012 and December 31, 2011, we recorded a \$4.7 million and \$0.8 million non-cash compensation charge,

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respectively. Excluding non-cash compensation, administrative expenses increased \$6.8 million, or 15.1%, which was due to increased wages and benefits costs of \$6.9 million and facility costs of \$0.6 million, along with a decrease in other administrative expenses of approximately \$0.7 million. A decrease of Recapitalization transaction fees of \$2.7 million incurred in 2011 was offset by increased costs in general liability insurance, travel and other office and facility expenses.

Management fees, related parties

For the year ended December 31, 2012, management fee expenses decreased \$0.5 million, or 9.7%, to \$4.3 million from \$4.8 million for the year ended December 31, 2011. For the year ended December 31, 2011, management fees represented amounts charged to us by IBP Holding Company, one of our indirect stockholders and a related party, for corporate office personnel expenses under agreements originally entered into in March 2004 and October 2007. These agreements terminated and the associated fees were no longer charged to us beginning in January 2012 as a result of our Recapitalization. For the year ended December 31, 2012, management fees were paid to Littlejohn Managers, LLC (\$1.1 million), Jeff Edwards (\$2.7 million) and TCI Holdings, LLC (\$0.5 million) pursuant to an agreement dated December 18, 2012, which was terminated on November 22, 2013. No similar fees were charged during 2013, and we do not expect to incur management fees going forward. Prior to November 1, 2013, Jeff Edwards served as a consultant and non-employee officer to us. As such, he did not receive salary or bonus for 2012. The costs of Jeff Edwards' services were paid through the management agreements. See the sections of this prospectus captioned "Compensation of our Executive Officers and Directors" and "Certain Relationships and Related-Party Transactions—Management Agreements."

Gain on litigation settlement

For the year ended December 31, 2012, a net gain on a litigation settlement of \$7.0 million was recognized due to the settlement in 2012 of a class action lawsuit in which we were one of the plaintiffs. The lawsuit related to excess material prices being charged by certain manufacturers.

Amortization

For the year ended December 31, 2012, amortization expense decreased by \$0.7 million, or 18.6%, to \$3.1 million from \$3.8 million during the year ended December 31, 2011. The decrease period-over-period was driven by intangible asset impairments recorded during 2011 in the amount of \$1.7 million, which brought down the total gross intangible asset value thus reducing amortization on a going-forward basis.

Impairment of intangibles

For the year ended December 31, 2012, impairment of intangibles decreased by \$1.3 million, or 79.1%, to \$0.4 million from \$1.7 million during the year ended December 31, 2011. The decrease period-over-period resulted from an impairment charge in 2011 related to the impairment of certain customer relationships and trademark and trade name intangible assets.

Other

For the year ended December 31, 2012, other income was comprised primarily of a \$1.0 million gain associated with insurance claims for a fire that occurred at one of our branches.

Other expense (income)

Interest expense

For the year ended December 31, 2012, interest expense was \$2.0 million, compared to \$3.7 million for the year ended December 31, 2011. This decrease of \$1.7 million was a result of lower average outstanding borrowings under our revolving credit facility combined with lower average borrowing rates. For the year ended

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December 31, 2012, we recorded no related-party interest expense, compared to \$3.3 million for the year ended December 31, 2011. This decrease was the result of the extinguishment of related-party debt in 2011 in connection with our Recapitalization. Refer to “—Our Recapitalization” and Note 1 to our audited consolidated financial statements for the year ended December 31, 2012 for further discussion.

Gain on extinguishment of debt

For the year ended December 31, 2011, gain on extinguishment of debt was \$18.5 million related to the extinguishment of debt associated with our Recapitalization. In connection with our Recapitalization, we entered into a series of transactions through which the majority of our then-outstanding debt was cancelled or forgiven. The \$18.5 million gain represents the difference in the carrying amount of debt and the fair value of the debt recognized. Refer to “—Our Recapitalization” and Note 1 to our audited consolidated financial statements for the year ended December 31, 2012 for further discussion.

Other

For the year ended December 31, 2012, other income was \$0.1 million compared to other expense of \$0.2 million for the year ended December 31, 2011.

Income tax provision

In 2011, we recorded an income tax provision of \$1.4 million on our loss from continuing operations of \$5.7 million, or an effective rate of (25.2%). The 2011 provision was primarily driven by the impact of the Recapitalization, as well as the recognition of non-deductible losses recorded in 2011. In 2012, we recorded an income tax provision of \$0.6 million on our loss from continuing operations of \$3.7 million, or an effective rate of (14.8%). The 2012 provision was primarily driven by the impact of non-deductible stock compensation recorded in 2012, and to a lesser extent an increase of our valuation allowance on net operating losses.

Loss from discontinued operations, net

For the year ended December 31, 2012, we had income from discontinued operations of \$2.4 million compared to a loss from discontinued operations of \$1.8 million for the year ended December 31, 2011. During the year ended December 31, 2012, we discontinued an operation that was used for regrinding materials to produce loosefill insulation. Substantially all materials subject to regrinding in this operation were provided by a single supplier. The contract under which the materials were obtained was terminated during 2012. As a result, the associated operation was discontinued. A gain of \$4.5 million was recorded as a result of the cancelled supplier contract. During the year ended December 31, 2011, we elected to discontinue locations in certain underperforming markets.

Liquidity and Capital Resources

Our primary capital requirements are to fund working capital needs, operating expenses, acquisitions and capital expenditures and meet required interest payments. Since 2011, our capital resources have primarily consisted of cash and borrowings under our revolving credit facility.

The residential construction industry, and therefore our business, experienced a significant downturn that started in 2006. However, beginning in 2012, we saw the first meaningful increase in housing completions since the downturn began. While we have experienced improved profitability and liquidity through the first nine months of 2013, we have invested significantly in working capital due to our increased sales, supported primarily by our revolving credit facility. Additionally, we have utilized capitalized leases to finance an increase in the number of our vehicles.

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As of September 30, 2013, we had \$5.3 million in cash and \$19.0 million of unused borrowing capacity under our revolving credit facility. In addition to cash, we had restricted cash of \$1.7 million as of September 30, 2013, which is a contractually required component of our self-insured retention (“SIR”) general liability insurance policy and our high-deductible workers’ compensation insurance policies to ensure payment under these programs.

We believe that our cash flows from operations, combined with our current cash levels and available borrowing capacity, will be adequate to support our ongoing operations and to fund our debt service requirements, capital expenditures and working capital for at least the next 12 months.

Historical cash flow information

Working capital

We carefully manage our working capital and operating expenses. As of September 30, 2013 and December 31, 2012, our working capital was 8.7% and 7.6% of net revenue, respectively. While we continue to look for opportunities to reduce our working capital as a percentage of net revenue, we may decide in the future to negotiate additional discounted payment terms with our vendors. While this would reduce our cost of sales, it would decrease our cash flow from operations.

Working capital was \$27.2 million as of September 30, 2013, \$29.5 million as of June 30, 2013, and \$23.0 million and \$18.4 million as of December 31, 2012 and 2011, respectively.

The increase in accounts receivable, net, of \$14.1 million as of September 30, 2013 as compared to December 31, 2012, is primarily a result of higher net revenue and seasonal increases that are typical following the winter months. Accounts receivable, net, increased \$11.9 million as of December 31, 2012 as compared to December 31, 2011, primarily as a result of increased net revenue. Days sales outstanding as of September 30, 2013 and December 31, 2012 and 2011 were approximately 53.0, 55.9, and 52.6 days, respectively. Although days sales outstanding has remained relatively constant, the fluctuation in days sales outstanding is impacted by increases or decreases in the accounts receivable balance as compared to net revenue for the same period.

The increase in inventory, net, of \$2.8 million as of September 30, 2013 as compared to December 31, 2012, is primarily a result of higher net revenue and seasonal increases that are typical following the winter months. Inventories, net, increased \$4.4 million as of December 31, 2012 as compared to December 31, 2011, primarily due to increased net revenue to meet increased demand. Inventory turns September 30, 2013 and December 31, 2012 and 2011 were approximately 7.4, 8.8 and 7.5, respectively. Fluctuations in inventory turns are primarily a result of the seasonal increases in inventory during the winter months.

Other current assets increased \$0.7 million to \$6.1 million as of September 30, 2013 as compared to December 31, 2012 primarily due to an increase in material rebates receivables associated with higher material purchases to support higher sales. Other current assets increased \$1.8 million or 51.2% as of December 31, 2012 as compared to December 31, 2011, primarily due to an increase in material rebates receivables.

Accounts payable increased \$8.9 million as of September 30, 2013 as compared to December 31, 2012, and increased \$9.6 million as of December 31, 2012 as compared to December 31, 2011, in each case, primarily as a result of changes in the volume of inventory purchases due to higher net revenue leading up to each balance sheet date.

Accrued liabilities increased \$3.5 million as of September 30, 2013 as compared to December 31, 2012, and increased \$0.6 million as of December 31, 2012 as compared to December 31, 2011, in each case, primarily due to increases in operating expenses required to support the increasing level of net revenue.

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Cash flow from operating activities

Net cash provided by operating activities was \$2.6 million for the nine months ended September 30, 2013 as compared to net cash used in operating activities of \$2.2 million for the nine months ended September 30, 2012. This increase in cash flow was due primarily to an increase in net income discussed above.

Net cash used in operating activities was \$7.6 million for the six months ended June 30, 2013 as compared to net cash used in operating activities of \$2.7 million for the six months ended June 30, 2012. This decrease in cash flow was attributable to the increase in net income of \$8.6 million, offset by a decrease in adjustments to net income of \$3.9 million, which was primarily related to an adjustment for non-cash stock compensation of \$4.6 million during the six months ended June 30, 2012. Additionally, the decrease in the change in current assets and liabilities of \$12.3 million primarily related to an increase in accounts receivable of \$7.2 million and tax payments of \$5.1 million during the period.

Net cash provided by operating activities was \$4.6 million for the year ended December 31, 2012 as compared to net cash used in operating activities of \$12.8 million for the year ended December 31, 2011. This increase in cash flow was attributable to the decrease in net loss of \$7.1 million and an increase in adjustments to net loss of \$16.8 million, which was primarily due to the gain on extinguishment of debt of \$18.5 million that occurred in 2011. This increase was offset by a decrease in the change in current assets and liabilities of \$6.5 million, which primarily related to a decrease in accounts receivable of \$1.3 million and an increase in other liabilities of \$4.1 million.

Cash flows from investing activities

Net cash used in investing activities was \$1.6 million for the nine months ended September 30, 2013 as compared to \$0.1 million for the nine months ended September 30, 2012. This decrease in cash flow was primarily the result of an increase of \$0.7 million in property and equipment purchases during the nine months ended September 30, 2013. In addition cash payments of \$0.7 million were made for business combinations during the nine months ended September 30, 2013 as opposed to receipt of cash of \$0.3 million through business combinations made during the nine months ended September 30, 2012.

Net cash used in investing activities was \$1.0 million for the six months ended June 30, 2013 as compared to net cash provided by investing activities of \$0.3 million for the six months ended June 30, 2012. The decrease in cash flow was primarily the result of an increase of \$0.6 million in property and equipment purchased during the six months ended June 30, 2013 in addition to cash payments of \$0.7 million for business combinations made during the period. No business combinations occurred during the six months ended June 30, 2012.

Net cash used in investing activities was \$2.7 million for the year ended December 31, 2012 as compared to net cash provided by investing activities was \$0.2 million for the year ended December 31, 2011. The decrease in cash flow was primarily the result of an increase of \$1.9 million in property and equipment purchased during the year ended December 31, 2012 in addition to cash payments of \$0.8 million for business combinations made during the period. No business combinations occurred during the year ended December 31, 2011.

Cash flows from financing activities

Net cash provided by financing activities was \$0.3 million for the nine months ended September 30, 2013 as compared to \$5.4 million for the nine months ended September 30, 2012. The decrease in cash flow was the result of an increase of \$2.7 million in principal payments on capital leases and increased payments for deferred offering costs of \$1.1 million during the nine months ended September 30, 2013.

Net cash provided by financing activities was \$8.6 million for the six months ended June 30, 2013 as compared to \$4.2 million for the six months ended June 30, 2012. The increase in cash flow was the result of an increase of \$6.3 million in borrowings under the revolving line of credit, offset by an increase of \$1.6 million in principal payments on capital leases.

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Net cash used in financing activities was \$0.5 million for the year ended December 31, 2012 as compared to net cash provided by financing activities of \$11.9 million for the year ended December 31, 2011. The decrease in cash flow was the result of a decrease of \$10.1 million in capital contributions and a decrease of \$11.8 million in net proceeds from all lines of credit. These factors were offset by a decrease of \$9.4 million in principal payments on long-term debt during the year ended December 31, 2012.

Capital expenditures

Capital expenditures vary depending on prevailing business factors, including current and anticipated market conditions. Historically, capital expenditures have remained steady in comparison to the operating cash flows generated during the corresponding periods. We expect our 2013 capital expenditures to be approximately \$18 to \$20 million (including new capital lease obligations) primarily related to purchases of vehicles and various equipment to support our operations and increased net revenue.

Revolving credit facility

We entered into our revolving credit facility on November 4, 2011 with Bank of America, N.A. Under the revolving credit facility, our line of credit has a maximum limit of \$50.0 million. Amounts outstanding under the revolving credit facility are due May 4, 2016 with interest at the greater of 1) the Eurodollar rate, or the London Interbank Offered Rate, or LIBOR, or 2) the alternate base rate, which approximates the prime rate, plus a margin based on the type of rate applied. As of September 30, 2013, we had \$23.7 million outstanding under our revolving credit facility at 1-month LIBOR including margin (2.25% to 3.75%) and \$0.7 million outstanding at the prime rate including margin (4.25%).

Our revolving credit facility permits borrowings based on a stated percentage of eligible accounts receivable and inventories. We are required to pay a monthly fee of 0.375% per annum on the average unused commitment under our revolving credit facility. Borrowings outstanding under our revolving credit facility are collateralized by a first priority lien on all assets, including, but not limited to, all real estate, property, equipment, receivables and inventories. In addition, the borrowing base under our revolving credit facility may be reduced by the sum of letter of credit obligations, inventory reserves and reserves relating to claims that may be reasonably expected to be asserted against the collateral securing such credit facility, among other specified amounts. Our revolving credit facility also contains various customary restrictive non-financial covenants and a change in control and event of default provision.

Our revolving credit facility also allows us to issue letters of credit not to exceed \$10.0 million in the aggregate. To support our insurance programs, we had \$7.3 million of letters of credit outstanding as of September 30, 2013.

Certain subsidiaries of Installed Building Products, Inc. are borrowers under our revolving credit facility, Installed Building Products, Inc. and certain other of its subsidiaries are guarantors of our revolving credit facility.

Our revolving credit facility contains certain customary representations and warranties and affirmative and negative covenants, including financial reporting requirements and covenants limiting our indebtedness, investments, liens, restricted payments, asset sales, affiliate transactions, hedging agreements, restrictive agreements, equity issuances by subsidiaries, leases, mergers and acquisitions. In addition, if minimum availability under our revolving credit facility falls below a certain threshold, the facility requires that we satisfy a fixed charge coverage ratio test. With respect to restrictions on acquisitions, certain acquisitions are permitted if (1) our pro forma fixed charge coverage ratio is at least 1.10 to 1.00 as of the recently ended measurement period and the pro forma availability under our revolving credit facility immediately before and after making such acquisition, and the average pro forma availability for the 30 days prior to such acquisition, is at least \$5.0 million or (2) the pro forma availability immediately before and after making such acquisition, and the average pro forma availability for the 30 days prior to such acquisition, is at least \$10.0 million.

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We are currently in discussions to amend the terms of our revolving credit facility or enter into a new credit facility following this offering. While we expect to amend the terms of or replace our existing revolving credit facility in the next three to six months, we cannot guarantee such timing or that we will amend the terms of or replace our existing revolving credit facility at all. While we do not know the exact terms of any amended or replacement credit facility, we would expect to be subject to continued negative covenants and compliance with certain financial ratios.

Letters of Credit and Bonds

We use letters of credit to secure our performance under our general liability and workers compensation insurance programs. Our workers compensation insurance program is considered a high deductible program whereby we are responsible for the cost of claims under \$0.5 million. If we do not pay these claims, our insurance carriers are required to make these payments to the claimants on our behalf. Our general liability insurance program has an SIR of \$0.35 million whereby we are responsible for all claims below the SIR, and the insurance company only has liability above the SIR. As of September 30, 2013, we had \$7.3 million of outstanding letters of credit and \$1.7 million in cash securing our performance under these insurance programs. We occasionally use performance bonds to ensure completion of our work on certain larger customer contracts that can span multiple accounting periods. As of September 30, 2013, we had approximately 15 performance bonds outstanding, totaling \$2.0 million. Performance bonds generally do not have stated expiration dates; rather, we are released from the bonds as the contractual performance is completed. As of September 30, 2013, we had approximately 155 permit and license bonds outstanding, totaling \$3.0 million. Permit and license bonds are typically issued for one year and are required by certain municipalities when we obtain licenses and permits to perform work in their jurisdictions.

Contractual Obligations

In the table below, we set forth our enforceable and legally binding obligations as of December 31, 2012. Some of the amounts included in the table are based on management's estimates and assumptions about these obligations, including their duration, the possibility of renewal, anticipated actions by third parties and other factors. Because these estimates and assumptions are necessarily subjective, our actual payments may vary from those reflected in the table. The figures in the table below do not reflect the anticipated proceeds of this offering and the application thereof.

	Payments due by period				
	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Long-term debt obligations (1)	\$20,032	\$ 643	\$ 1,206	\$18,184	\$ —
Capital lease obligations (2)	13,803	4,546	6,567	2,690	—
Operating lease obligations (3)	17,090	4,803	6,044	2,654	3,589
Purchase obligations (4)	80,363	23,873	47,596	8,894	—

- (1) Long-term debt obligations include estimated interest payments. In determining estimated interest payments, we utilize the current market rate. Additionally, our estimated interest payments have been calculated assuming that our debt balance as of December 31, 2012 remains outstanding in line with the above-disclosed payment schedule. Long-term debt obligations include amounts outstanding under our revolving credit facility.
- (2) We maintain a fleet of production vehicles under a capital lease structure. The leases expire on various dates through December 2017. We anticipate continuing the leasing of production vehicles to include new vehicles to support the increasing number of installation jobs in our business as well as to replace aging vehicles. We lease certain facilities, vehicles and equipment under operating lease agreements, including, but not limited to, corporate offices, branch locations and various office and operating equipment. Capital lease obligations, as disclosed above, include estimated interest expense payments. In determining expected interest expense payments, we utilize the current market rate.

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- (3) We lease certain locations, vehicles and equipment under operating lease agreements, including, but not limited to, corporate offices, branch locations and various office and operating equipment. In some instances, these location lease agreements exist with related parties. See “Certain Relationships and Related-Party Transactions—Real Property Leases.”
- (4) We entered into two supply contracts with minimum purchase requirements at market rates. The amounts in the above table represent our best estimate as to the prices that will be payable for the minimum volume of purchases that must be made under the contracts. Similar commitments existed in 2012 and were fully met. We expect to exceed our minimum requirements under these agreements in 2013.

Off-Balance Sheet Arrangements

As of September 30, 2013 and December 31, 2012 and 2011, other than operating leases and purchase obligations described above, letters of credit issued under our revolving credit facility and performance and license bonds, we had no material off-balance sheet arrangements with unconsolidated entities.

INFLATION

Our performance is dependent to a significant extent upon the levels of U.S. residential new construction spending, which is affected by factors such as interest rates, inflation, consumer confidence and unemployment. We do not believe that inflation has had a material impact on our business, financial condition or results of operations during the past two fiscal years.

Critical Accounting Policies and Estimates

Management’s discussion and analysis of our financial condition and results of operations is based upon our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of our consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and related disclosure of contingent assets and liabilities. Certain accounting policies involve judgments and uncertainties to such an extent that there is a reasonable likelihood that materially different amounts could have been reported using different assumptions or under different conditions. We evaluate our estimates and assumptions on a regular basis. We base our estimates on historical experience and various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of our assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates and assumptions used in preparation of our consolidated financial statements. We provide discussion of our more significant accounting policies, estimates and judgments used in preparation of our consolidated financial statements below.

Revenue Recognition

Revenue from the sale and installation of products is recognized when all of the following have occurred: (i) persuasive evidence of an arrangement exists, (ii) delivery has occurred or services have been rendered, (iii) the price is fixed or determinable and (iv) the ability to collect is reasonably assured. Revenue from the sale and installation of products is recognized at the time the installation is complete.

Goodwill

Goodwill results from business combinations and represents the excess of the purchase price over the fair value of acquired tangible assets and liabilities and identifiable intangible assets.

Goodwill is assigned to and tested for impairment at a reporting unit level. We have one operating segment and our branches meet the definition of components as they are businesses for which discrete financial information is

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available and whose operating results are reviewed by management. In accordance with the guidance outlined in Accounting Standards Codification, or ASC, 350-20, our components qualify to be aggregated into one reporting unit for goodwill impairment testing purposes.

Annually, or if conditions indicate an earlier review is necessary, we assess qualitative factors to determine if it is more likely than not that the fair value of the reporting unit is less than its carrying amount and if it is necessary to perform the quantitative two-step goodwill impairment test.

At December 31, 2011 and 2012, our measurement dates, we performed a step one analysis and compared the carrying value of the reporting unit to an estimate of the reporting unit's fair value to identify potential impairment. There was no goodwill impairment in either 2011 or 2012. The estimated fair value of the reporting unit was substantially in excess of the carrying value at December 31, 2012.

The estimate of the reporting unit's fair value is determined by weighting a discounted cash flow model and a market-related model. The estimate of the reporting unit's fair value involves significant unobservable inputs (Level 3). These Level 3 inputs are primarily our forecasts utilized in the discounted cash flow model and our determination of the weight applied to each of the aforementioned models. Our forecasts include current and projected future levels of cash flow based on management's plans, business trends, prospects, market and economic conditions and market-participant considerations. Our forecasts are based upon the best information available at the measurement date; however, actual results may vary from the forecasts and thus the forecasts represent a Level 3 input. We take our forecasts and apply a discount rate commensurate with our capital structure and the cost of capital of comparable market participants, giving appropriate consideration to the prevailing borrowing rates within our industry, to arrive at our discounted cash flow model. We elected to weight the discounted cash flow model and market related model, placing more weight on the discounted cash flow model. We believe the discounted cash flow approach more appropriately captures the specific growth and risk profile of the reporting unit, whereas the market approach requires a qualitative assessment of the reporting unit's risk profile and growth prospects compared to reasonably similar publicly-traded companies. In periods where both models produce significantly equivalent results we may elect to use the results of the discounted cash flow model only.

If the estimated fair value of the reporting unit is less than the carrying value, a second step is performed to determine the amount of the potential goodwill impairment. If impaired, goodwill is written down to its estimated implied fair value.

Taxes

We account for income taxes using the asset and liability method. Under this method, the amount of taxes currently payable or refundable are accrued, and deferred tax assets and liabilities are recognized for the estimated future tax consequences of temporary differences that currently exist between the tax basis and financial reporting basis of our assets and liabilities.

Valuation allowances are established against deferred tax assets when it is more likely than not that the realization of those deferred tax assets will not occur. In evaluating our ability to recover our deferred tax assets within the jurisdiction from which they arise, we consider all available positive and negative evidence, including scheduled reversals of deferred tax liabilities, the ability to produce future taxable income, tax planning strategies available and recent financial operations. In projecting future taxable income, we begin with historical results adjusted for the results of discontinued operations and changes in accounting policies and incorporate assumptions, including the amount of future federal and state pretax operating income, the reversal of temporary differences and the implementation of feasible and prudent tax planning strategies.

Deferred tax assets and liabilities are measured using the enacted tax rates in effect in the years when those temporary differences are expected to reverse. The effect on deferred taxes from a change in tax rate is recognized through continuing operations in the period that includes the enactment date of the change.

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A tax benefit from an uncertain tax position may be recognized when it is more likely than not that the position will be sustained upon examination, including resolutions of any related appeals or litigation processes, based on the technical merits. We recognize tax liabilities for uncertain tax positions and adjust these liabilities when our judgment changes as a result of the evaluation of new information not previously available.

Our income tax expense, deferred tax assets and liabilities and reserves for unrecognized tax benefits reflect management's best assessment of estimated future taxes to be paid. We are subject to income taxes in the United States which includes numerous state and local jurisdictions. Significant judgments and estimates are required in determining the income tax expense.

Stock-based compensation

We estimate the value of stock-based awards on the date granted and each subsequent balance sheet date for liability awards. The Employee Puts are deemed to be liability-classified instruments that are directly associated with the awards. As such, both the awards and the Employee Puts are accounted for as liability-classified instruments as of the issuance date of the Employee Put. During the period for which the Employee Puts are exercisable, both the Employee Puts and the associated awards are remeasured to fair value each reporting period. In the absence of a publicly traded market, the fair market value of the put options and underlying shares are estimated primarily using discounted cash flow and, secondarily, other market-related models using current industry trends. In determining the estimated future cash flow, we consider and apply certain estimates and judgments, including current and projected future levels of income based on management's plans, business trends, prospects and market and economic conditions and market-participant considerations. The adjustment to the carrying value is based upon an equity rate of return for a public company in our industry with similar financial trends and characteristics. The determined fair value of our common stock is used to determine the value of the membership interest units based on their ownership interest. The membership interest units and related put options are recorded at fair value as compensation expense.

Recent Accounting Pronouncements

Fair Value Measurement: In May 2011, the Financial Accounting Standards Board, or the FASB, issued Accounting Standards Update No. 2011-04, Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in GAAP and IFRS, or ASU 2011-04. The amendments in this ASU are intended to improve the comparability of fair value measurements presented and disclosed in financial statements prepared in accordance with GAAP and International Financial Reporting Standards, or IFRS. The amendments in this ASU explain how to measure fair value. They do not require additional fair value measurements and are not intended to establish valuation standards or affect valuation practices outside of financial reporting. We adopted the provisions of ASU 2011-04 on January 1, 2012. The adoption did not have an impact on our financial position or results of operations.

Implications of Being an Emerging Growth Company

We qualify as an emerging growth company as defined in the JOBS Act. An emerging growth company may take advantage of specified reduced reporting and other burdens that are otherwise applicable generally to public companies. These provisions include:

- a requirement to have only two years of audited financial statements and only two years of related Selected Financials and Management's Discussion and Analysis of Financial Condition and Results of Operations disclosure;
- an exemption from the auditor attestation requirement in the assessment of our internal control over financial reporting pursuant to the Sarbanes-Oxley Act;
- reduced disclosure about the emerging growth company's executive compensation arrangements; and
- no requirement to seek non-binding advisory votes on executive compensation or golden parachute arrangements.

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We have elected to adopt the reduced disclosure requirements available to emerging growth companies, including a requirement to have only two years of audited financial statements, two years of related selected financial data and only two years of related Management's Discussion and Analysis of Financial Condition and Results of Operations disclosure as well as reduced disclosure about executive compensation arrangements. As a result of these elections, the information that we provide in this prospectus may be different than the information you may receive from other public companies in which you hold equity interests. In addition, it is possible that some investors will find our common stock less attractive as a result of our elections, which may cause a less active trading market for our common stock and more volatility in our stock price.

We may take advantage of these provisions until we are no longer an emerging growth company. We will remain an emerging growth company until the earlier of (1) the last day of the fiscal year (a) following the fifth anniversary of the completion of this offering, (b) in which we have total annual gross revenue of at least \$1.0 billion or (c) in which we are deemed to be a large accelerated filer, which means the market value of our common stock that is held by non-affiliates exceeds \$700 million as of the prior June 30, or (2) the date on which we have issued more than \$1.0 billion in non-convertible debt during the prior three-year period. We may choose to take advantage of some but not all of these reduced burdens.

The JOBS Act permits emerging growth companies to take advantage of an extended transition period to comply with new or revised accounting standards applicable to public companies. We are choosing to "opt out" of this provision and, as a result, we will comply with new or revised accounting standards as required when they are adopted. This decision to opt out of the extended transition period is irrevocable.

Quantitative and Qualitative Disclosure on Market Risks

We are exposed to market risks related to fluctuations in interest rates on our outstanding variable rate debt. As of December 31, 2012, we had approximately \$18 million outstanding under our revolving credit facility and approximately \$12 million outstanding under various capital leases. A hypothetical one percentage point increase (decrease) in interest rates on our variable rate debt would increase (decrease) our annual interest expense by approximately \$0.3 million.

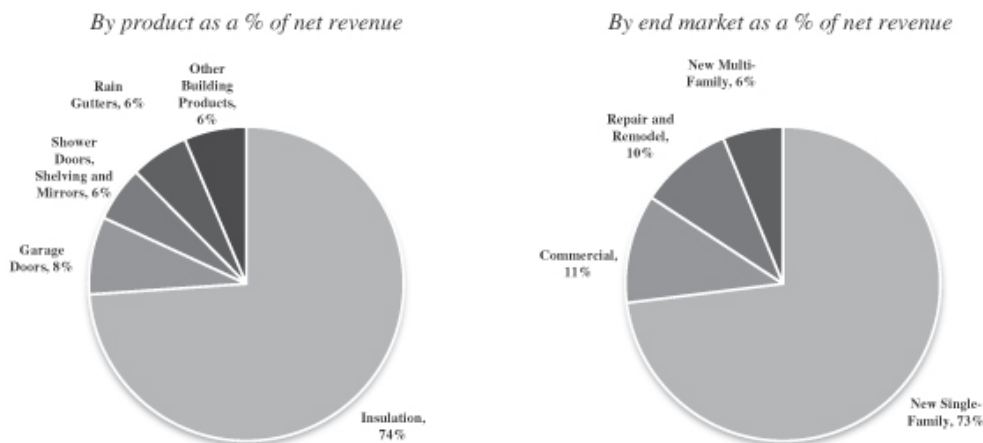
For variable rate debt, interest rate changes generally do not affect the fair value of the debt instrument, but do impact future earnings and cash flows, assuming other factors are held constant. We did not utilize swaps, forward or option contracts on interest rates or commodities, or other types of derivative financial instruments during 2012. We have not entered into and currently do not hold derivatives for trading or speculative purposes.

Our Business

OUR COMPANY

We are the second largest new residential insulation installer in the United States based on our internal estimates, with a national platform consisting of over 100 locations serving customers in 44 states. We believe we have the number one or two market position for new single-family insulation installation in more than half of the markets in which we operate, based on permits issued in those markets. We also install complementary building products, including garage doors, rain gutters, shower doors, closet shelving and mirrors, which provide cross-selling opportunities. For the nine months ended September 30, 2013, we generated net revenue of \$312.6 million, Adjusted EBITDA of \$16.3 million and net income of \$3.7 million. This represents a 49.0% increase in net revenue and a 3.1 times increase in Adjusted EBITDA as compared to the nine months ended September 30, 2012. Approximately 79% of our net revenue in the nine months ended September 30, 2013 was derived from sales to the U.S. residential new construction market.

Net Revenue for the nine-month period ended September 30, 2013



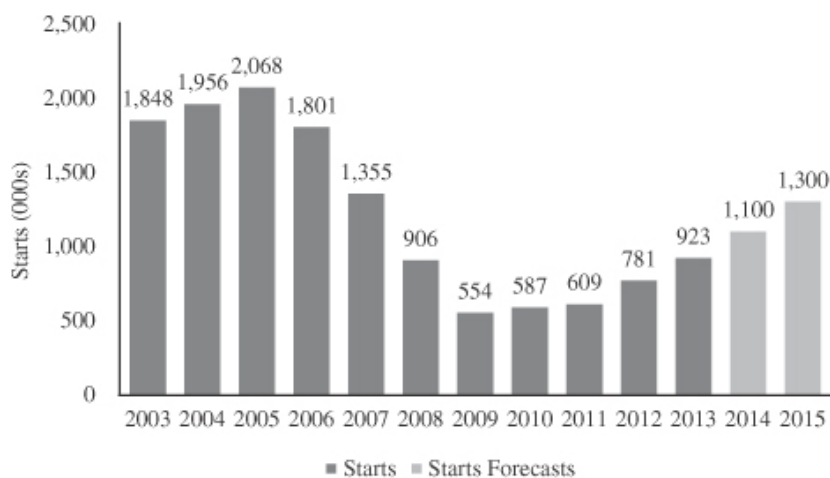
We manage all aspects of the installation process for our customers, from our direct purchase and receipt of materials from national manufacturers, to our timely supply of materials to job sites and quality installation. Installation of insulation, which includes air sealing, is a critical phase in the construction process, as certain interior work cannot begin until the insulation phase passes inspection. We benefit from our national scale, long-standing supplier relationships and a broad customer base that includes production and custom homebuilders, multi-family and commercial contractors, and homeowners. During each of the past five years, no single customer accounted for more than 3% of our net revenue.

Our business began in 1977 with one location in Columbus, Ohio. In the late 1990s, we began our acquisition strategy with the goal of creating a national platform. Since 1999, we have successfully completed and integrated over 90 acquisitions, which has allowed us to generate significant scale and to diversify our product offering while expanding into some of the most attractive housing markets in the United States. Over the past several years, our net revenue has increased at a faster rate than our operating expenses, resulting in an improved cost structure and more efficient and scalable operating model to improve our financial performance and returns on invested capital. We are well positioned to continue to grow our business through the ongoing housing recovery, market share gains and acquisitions. We estimate that we have grown our share of the U.S. residential new construction insulation installation market from approximately 5% as of December 31, 2005 to approximately 16% as of September 30, 2013, based on total U.S. housing completions.

INDUSTRY OVERVIEW AND TRENDS

Housing End Market. Our business is driven primarily by the U.S. residential new construction market. According to the U.S. Census Bureau, total housing starts averaged approximately 1.6 million per year from 1968 to 2006. From 2007 to 2012, housing starts averaged approximately 800,000 per year, reaching a low in 2009 of approximately 554,000. After remaining relatively flat in 2010 and 2011, the housing industry started to recover in 2012, with U.S. housing starts increasing to approximately 781,000, which was the highest level achieved since 2008.

Historical and Forecast U.S. Housing Starts



Source: U.S. Census Bureau for historical starts data; Blue Chip for starts forecasts.

We believe that a new home construction recovery is currently underway on a national basis, which is being driven by key macroeconomic factors, including improved consumer confidence, increasing household formation and attractive levels of new home affordability. According to Blue Chip, housing starts are expected to grow by 19% in 2014 to reach approximately 1.1 million and by 18% in 2015 to reach approximately 1.3 million. We continuously monitor housing market growth trends across the United States in order to allocate our resources to maximize operating efficiencies and assess geographic expansion opportunities.

Other End Markets. We also install building products, including insulation, for the commercial construction and repair and remodel end markets. The McGraw Hill 2013 Dodge Construction Outlook (third quarter update) forecasts a 5% year-over-year increase in square footage for commercial construction in 2013 and a 17% year-over-year increase in 2014. We also expect to experience an increase in repair and remodel activity as the overall housing market recovery progresses.

Insulation Market. We compete primarily in the U.S. residential new construction insulation installation market, which we believe exceeded \$1.4 billion of sales in 2012 and \$4.0 billion of sales in 2005. Sales in the U.S. residential new construction insulation installation market are tied to trends in the housing market. We estimate that the top three insulation installers comprise approximately half of the total market. The remainder of the market is highly fragmented and is comprised primarily of smaller, privately owned, local companies, many of which lack scale and have limited access to capital.

Insulation and energy efficiency standards. The amount of insulation in a new home is regulated by various building and energy codes, which establish minimum thermal and air sealing performance requirements. These

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codes are typically updated with more stringent requirements every three years. The most recent of these code enhancements to be adopted is the 2012 IECC. As of November 2013, six states and an additional 44 local jurisdictions had adopted the 2012 IECC, and the U.S. Department of Energy projects that 18 states will have adopted standards at the 2012 IECC level or higher by 2015. We believe that new residential insulation demand will increase as a result of increased adoption of the 2012 IECC by states and municipalities.

Installation and homebuilders. Builders value the benefits of using a qualified and experienced installer. These benefits include expertise in installing insulation and other products, knowledge of local building codes, timely supply of materials to job sites and management of installer labor. According to the NAHB, insulation comprises 1.8% of the total construction cost of a typical single-family home.

OUR COMPETITIVE STRENGTHS

We believe we benefit from the following competitive strengths:

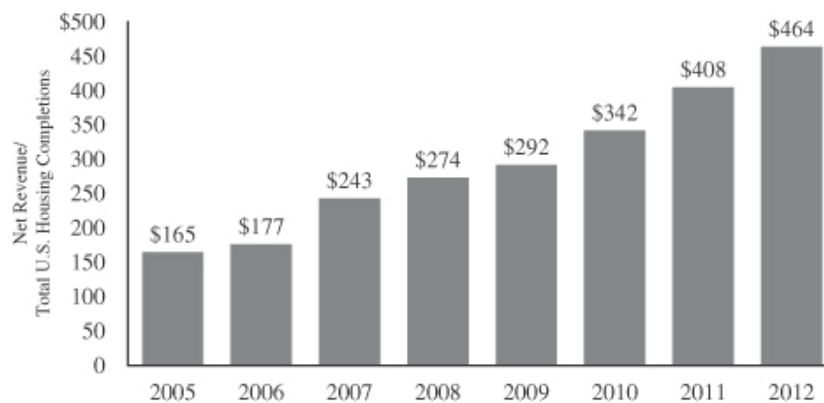
Local market leadership with national scale

- We are the second largest new residential insulation installer in the United States based on our internal estimates. We installed insulation in more than 70,000 homes in 2012 and operate in over 70% of the 50 largest housing markets across the United States, as measured by U.S. Census Bureau population estimates.
- Our local branch operations have earned a reputation for timely and quality installations, positioning us, we believe, as the number one or number two insulation installer for new single-family insulation installation in more than half of the markets we serve, based on permits issued in those markets.
- Our branches have expertise in local building codes and energy-efficient building practices, and strong working relationships with homebuilders and on-site construction managers.
- Our regional managers, local branch managers and sales force have significant experience in the industry and have spent an average of more than 10 years with our operations.

Proven ability to gain market share

- We estimate that we have increased our market share in the U.S. residential new construction insulation installation market from approximately 5% to approximately 16% from December 31, 2005 to September 30, 2013, based on total U.S. housing completions.
- We have increased our net revenue divided by total U.S. housing completions by 180% from 2005 to 2012. We believe that our ability to increase net revenue performance over this period, despite a 66% decrease in the number of total U.S. housing completions over this period, was the result of our acquiring local installation operations, gaining market share organically, cross-selling complementary installation services and installing more insulation per home due to the adoption of more energy efficient building codes.

Net Revenue Divided by Total U.S. Housing Completions



Source: U.S. Census Bureau for housing completions data.

Proven acquisition track record

- Since 1999, we have completed over 90 acquisitions.
- We have a proven ability to identify operations that meet our disciplined acquisition criteria and to successfully integrate them to realize synergies within our scalable infrastructure.
- Our ability to retain local employees, trademarks, trade names and long-term customers has been an important component of our successful acquisition strategy.

Highly efficient and scalable operating model

- Our national platform and long-standing supplier relationships allow us to leverage economies of scale to deliver attractive margins.
- Our web-based information system facilitates the complete proposal-to-collection process with a customizable platform that supports local market needs, while also enabling efficient centralized accounting and in-depth data analysis.
- Our local branch operations benefit from dedicated corporate services related to purchasing, safety practices, claims and risk management, regulatory compliance and human resources support.

Highly experienced and incentivized management team

- Our management team has led us through multiple housing industry cycles, providing valuable continuity and a demonstrated ability to improve operations and grow our business both organically and through acquisitions.
- Each of our executive officers has more than 10 years of experience with us. They and our regional presidents average more than 20 years of experience in the building products and construction industries.
- Our senior management team is highly incentivized to succeed. Jeff Edwards, our Chief Executive Officer and Chairman, and our directors and executive officers will beneficially own approximately 41% and 68%, respectively, of our common stock after this offering.

OUR GROWTH STRATEGY

Our objective is to leverage our competitive strengths to increase stockholder value through the following key strategies.

Capitalize on the new construction market recovery

- Approximately 79% of our net revenue in the nine months ended September 30, 2013 was derived from sales to the U.S. residential new construction market. According to Blue Chip, housing starts are expected to grow by approximately 19% in 2014 and approximately 18% in 2015.
- We estimate that our current addressable market, measured by the total number of permits issued in the markets we serve, has grown from approximately 24% of total new U.S. residential building permits for the year ended December 31, 2005 to approximately 55% for the nine months ended September 30, 2013.
- Our diversified customer base includes an attractive mix of production and custom homebuilders, ranging from national home builders to regional and local homebuilders as well as multi-family and commercial contractors, which we believe will enable us to grow through all stages of the housing recovery.
- We will continue to emphasize sourcing direct from manufacturers, local pricing discipline and working capital management to maximize our operating leverage and improve our market position.

Continue to gain market share through organic growth

- We believe we will continue to gain organic market share, aided by our national scale and local presence, quality service and ability to hire, train and retain installers.
- We expect to continue to strengthen our leading national market position, as many of our competitors lack the access to capital required to keep pace with the U.S. housing market recovery.
- We will continue to pursue cross-selling opportunities in garage doors, rain gutters, shower doors, closet shelving and mirrors and other complementary products. We estimate that our net revenue contributed by these products divided by total U.S. housing completions has grown from approximately \$51 in 2005 to approximately \$120 in 2012, a 135% increase.

Pursue value-enhancing strategic acquisitions

- The highly fragmented nature of our industry allows for both geographic expansion and existing market tuck-in acquisitions.
- We will continue to identify and pursue strategic acquisitions, based on our acquisition criteria that include local brand strength and quality of the local management and labor force.
- We believe we will continue to achieve synergies from our acquisitions due to our national buying power, value-enhancing technology and proven operating platform.

Maximize benefits from energy efficiency standards and industry trends

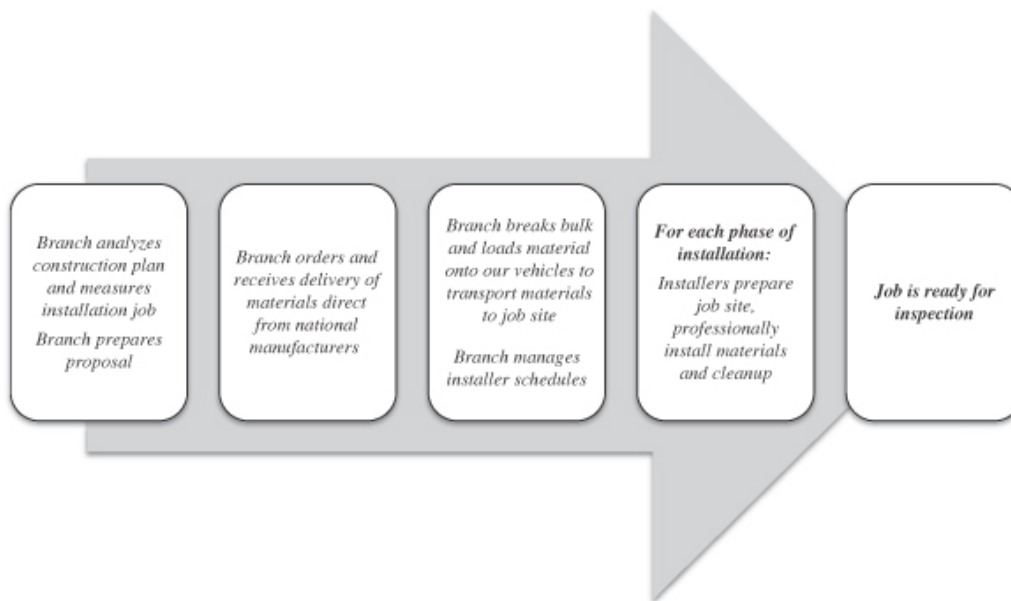
- We expect to increase our net revenue as building codes continue to require higher energy efficiency and homeowners become more focused on energy conservation.
- A return to the historic mix of single-family and multi-family new home construction activity, as forecasted by the NAHB, is expected to further increase insulation demand.
- Approximately 11% of our net revenue was derived from sales made to the commercial construction end market for the nine months ended September 30, 2013. According to the McGraw Hill 2013 Dodge Construction Outlook (third quarter update), square footage for commercial construction starts is expected to increase 5% year-over-year in 2013 and 17% year-over-year in 2014.

OUR OPERATIONS

We manage all aspects of the installation process for our customers, from our direct purchase and receipt of materials from national manufacturers, to our timely supply of materials to job sites and quality installation:

- In each of our markets, our branch management and staff foster close working relationships with local customers.
- Our branch management hires and trains installers with a focus on quality, safety and timely installation.
- Our branch sales staff analyzes construction plans and measures the installation job to prepare customer proposals that comply with local building codes and energy efficiency standards and otherwise meet customer requirements.
- Our branches order and receive delivery of materials direct from national manufacturers.
- Our branches break bulk and load required materials onto our vehicles for each job, and manage installer schedules to ensure timely installation that meets our customer's scheduling requirements.
- For each phase of product installation, our installers prepare the job site, professionally install the materials to pass inspection, clean-up when the installation is complete and return unused materials to the branch.

Our Installation Process



Our customers generally select their building products installer based on quality and timeliness of service, knowledge of local building codes, pricing, relationships and reputation in the market. For these reasons, we emphasize the importance of developing and maintaining customer relationships at the local level and rely heavily on the knowledge and experience of our branch management and staff.

Once we are selected for an installation job, our branch staff coordinates with our customer to ensure that the job is completed in a quality manner and within the customer's production schedule. Throughout the construction

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process, our branch sales and supervisory staff and installation teams, typically consisting of a senior installer and one or two other installers, make frequent site visits to ensure timely and proper installation and to provide general service support. We believe a high level of service is valued by our customers and generates customer loyalty. There are typically three phases to complete an insulation installation: (i) basement insulation installation; (ii) air sealing of the structure and installation of insulation in the exterior walls; and (iii) insulation for the ceiling and attic. We also assist the builders with coordinating inspection. In addition to visiting a job site during each of these three phases, we will return to a building site when we are selected to install other products such as garage doors, rain gutters, shower doors, closet shelving or mirrors. We believe that our ability to consistently complete our installations within a customer's production schedule is recognized by our customers and is a key component of our high level of service.

Insulation

Overview

We are the second largest new residential insulation installer in the United States based on our internal estimates. Insulation installation comprised approximately 74% of our net revenue for the nine-month period ended September 30, 2013. Approximately 79% of our net revenue for the nine-month period ended September 30, 2013 was derived from sales to the U.S. residential new construction market. We handle every stage of the installation process, including material procurement, project scheduling and logistics, multi-phase professional installation and field quality inspection.

Insulation Materials

We offer a wide range of insulation materials, including:

- **Fiberglass Insulation** – Fiberglass insulation is made of fibrous glass that is held together by a thermoset resin creating insulating air pockets. It typically contains an average of 50% recycled content. It is available in two forms: batts (also referred to as blankets) and loosefill (also referred to as blown in). Fiberglass is the most widely used residential insulation material in the United States. Installations of fiberglass insulation accounted for approximately 85% of our insulation sales for the nine months ended September 30, 2013.
- **Spray Foam Insulation** – Spray foam insulation is applied at a job site by mixing two chemical components together in specialized application equipment. It is generally polyurethane foam. While typically having the highest insulating and sealing effectiveness of all insulation materials that we offer, it is also typically the most expensive on an installed basis. Spray foam insulation accounted for approximately 10% of our insulation sales for the nine months ended September 30, 2013.
- **Cellulose Insulation** – Cellulose insulation is made primarily of paper and cardboard and has a very high recycled content. Cellulose is only available in loosefill form and is blown into the structure with specialized equipment. Cellulose insulation accounted for approximately 5% of our insulation sales for the nine months ended September 30, 2013.

Insulation Installation Applications

Local building codes typically require insulation to be installed in multiple areas of a structure. Each of these areas is frequently referred to as a phase of the insulation installation process and requires a separate trip to the job site by our installers at different points in the construction of a structure. Building practice and the inspection process differ geographically and call for our involvement at different times during the construction process. We provide installation of insulation and sealant materials in all areas of a structure, which could include:

- **Building Envelope** – We insulate the exterior walls of both residential and commercial structures by applying insulation on the wall or between the studs.

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- Attic – We insulate the attics of new and existing residential structures. The attic is the area where the most energy is lost in a home.
- Basement and Crawl Space – These spaces typically account for the second most energy loss in a structure.
- Acoustical – Many builder or architect specifications call for acoustical insulation for sound reduction purposes in both residential and commercial structures. This product is generally installed in the interior walls to isolate sound transmission.

In each of these applications, we typically use fiberglass batts, except in attic insulations where we typically install loosefill fiberglass.

Garage Doors

We install and service garage doors and openers in certain of our locations for residential and commercial new construction builders, homeowners and commercial customers. We offer a variety of options from some of the best-known garage door brands. We offer steel, aluminum, wood and vinyl garage doors as well as opener systems. Unlike the other products we install, the garage door business has an ongoing aftermarket service component. Garage door installations and service comprised approximately 8% of our net revenue for the nine months ended September 30, 2013.

Shower Doors, Shelving and Mirrors

Some of our locations install a variety of shower enclosures, ranging from basic sliding door designs to complex custom designs. We have the ability to meet our customers' diverse needs by customizing shower enclosures by size and style according to their specifications, such as framing, hardware and glass options. We design and install closet shelving systems in select markets utilizing some of the highest quality products available from national brands. We also offer standard and custom designed mirrors for our customers. Shower doors, closet shelving and mirror installations comprised approximately 6% of our net revenue for the nine months ended September 30, 2013.

Rain Gutters

Some of our locations install a wide range of rain gutters, which direct water from a home's roof away from the structure and foundation. Rain gutters are typically constructed from aluminum or copper and are available in a wide variety of colors, shapes and widths. They are generally fabricated and assembled on the job site using specialized equipment. The installation of rain gutters comprised approximately 6% of our net revenue for the nine months ended September 30, 2013.

Other Building Products

Some of our locations install pre-fabricated fireplaces, waterproofing and other complementary building products. Installation of other building products comprised approximately 6% of our net revenue for the nine months ended September 30, 2013.

Sales and Marketing

We seek to attract and retain customers through exceptional customer service, superior installation quality, broad service offerings and competitive pricing. Our strategy is centered on building and maintaining these strong customer relationships. We also capitalize on cross-selling opportunities from existing customer relationships and identifying situations where customers may benefit from more than one of our installation service offerings. By executing this strategy, we believe we can continue to generate incremental sales volumes with new and existing customers.

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Experienced sales and service professionals are important to our customer growth and increasing our profitability. Retaining and motivating local employees has been an important component of our acquisition and operating strategies. As of September 30, 2013, we employed approximately 280 sales professionals and our sales force has spent an average of more than 10 years with our operations. The local sales staff, which is generally led by the branch manager, is responsible for maintaining relationships with our customers. These local teams work diligently to increase sales by supporting our existing customers with excellent service and value while also pursuing new customers with competitive offerings. In addition to the efforts of our sales staff, we market our product and service offerings on the Internet, in the local yellow pages and through advertisements in trade journals. We conduct substantially all of our marketing through local trademarks and trade names.

Quality Control and Safety

Our quality control process starts with the initial proposal. Our sales staff and managers are knowledgeable about our service offerings and scope of work. They are trained on the manufacturer's guidelines as well as state and local building codes. Our quality control programs emphasize onsite inspections, training by manufacturers and various certification programs.

We consider risk management and safety to be a core business objective. Significant staffing, funding and other resources are allocated to our management systems that directly impact quality and safety for our employees and our customers. Our branch managers are held accountable for the safety of employees and quality of workmanship at their locations. We provide our employees with on-going training and development programs necessary to generate best in class work quality and safety performance.

CUSTOMERS

We serve a broad group of national, regional and local homebuilders, multi-family and commercial builders, individual homeowners and repair and remodeling contractors. Our top ten customers, which are a combination of national and regional builders, accounted for approximately 10.5% of net revenue for the year ended December 31, 2012. No single customer accounted for more than 3% of net revenue during the year ended December 31, 2012 or the nine months ended September 30, 2013.

BACKLOG

Due to our customers' strict demand for timely installation of our products, our installation jobs are scheduled and completed within a short timeframe. We do not consider backlog material to our business.

SUPPLIERS

We have long-term relationships with many of our suppliers and have not experienced any significant disruption in the supply of any of the primary materials we purchase and install. As one of the largest purchasers of fiberglass and spray foam insulation in the United States, we maintain particularly strong relationships with the largest manufacturers of these insulation products. Additionally, the proximity of certain of our branch locations to insulation manufacturers' facilities provides additional mutual benefits, including opportunities for cost savings and joint planning regarding future production. We also maintain good relationships with suppliers of the non-insulation products we install. We believe that the pricing, terms and rebates we receive from our suppliers, as well as supply assurance, are favorable. We have found that using multiple suppliers helps to ensure a stable source of materials and favorable purchasing terms as suppliers compete to gain and maintain our business. In addition, our national purchasing volumes provide leverage with suppliers. We will continue to pursue additional procurement cost savings and purchasing synergies.

SEASONALITY

We tend to have higher sales during the second half of the year as our homebuilder customers complete construction of homes placed under contract for sale in the traditionally stronger spring selling season. In addition, some of our larger branches operate in states more impacted by winter weather and as such experience a slowdown in construction activity during the first quarter of the calendar year. This winter slowdown contributes to traditionally lower sales in our first quarter.

The composition and level of our working capital typically change during periods of increasing sales as we carry more inventory and receivables, although this is generally offset in part by higher trade payables to our suppliers. Working capital levels typically increase in the summer and fall seasons due to higher sales during the peak of residential construction activity. The subsequent collection of receivables and reduction in inventory levels during the winter months has typically positively impacted cash flow. In the past, from time to time, we have utilized our borrowing availability under our credit facilities to cover short-term working capital needs.

COMPETITION

We believe that competition in our industry is based on quality and timeliness of service, knowledge of local building codes, pricing, relationships and reputation in the market. We are the second largest new residential installer of insulation in the United States based on our internal estimates. The building products installation industry is highly fragmented. The markets for our non-insulation installation services are even more fragmented than the markets for insulation installation services. Our competitors include two other large national contractors, several large regional contractors and numerous local contractors. Some of our competitors have greater financial and other resources than we do. We believe we will continue to effectively compete in our local markets given our long standing customer relationships, access to capital, tenure and quality of local staff, quality installation reputation and competitive pricing.

EMPLOYEES

As of September 30, 2013, we had approximately 3,100 employees, consisting of approximately 2,200 installers, 280 sales professionals, 130 production personnel and 460 administrative and management personnel. Less than 20 of our employees are covered under collective bargaining agreements. We have never experienced a work stoppage or strike and we believe that we have good relations with our employees.

INFORMATION TECHNOLOGY

JobCORE is our web-enabled internal software technology. The system is designed to operate our business in a highly efficient manner and manage our operations. In addition, we integrate jobCORE into our acquired operations. The jobCORE software provides in-depth, real-time financial performance data from each branch to the corporate office. JobCORE is currently used in substantially all of our branches and provides us, our branch managers and our salespeople with an important operational tool for monitoring branch level performance. It assists management in assessing important business questions, including customer analysis, sales staff analysis, branch analysis and other operating activities.

INTELLECTUAL PROPERTY

We possess intellectual property rights, including trademarks, trade names and know-how and other proprietary rights that are important to our business. In particular, we maintain registered trademarks and trade names, some of which are the trademarks and trade names under which many of our local branches operate. While we do not believe our business is dependent on any one of our trademarks or trade names, we believe that our trademarks and trade names are important to the development and conduct of our business as well as to the local marketing of our services. We also maintain domain name registration for each of our local branch websites. We make

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efforts to protect our intellectual property rights, however the actions taken by us may be inadequate to prevent others from using similar intellectual property. In addition, third parties may assert claims against our use of intellectual property and we may be unable to successfully resolve such claims.

PROPERTIES

Real Property

We lease office and warehouse space in 32 states, including our headquarters in Columbus, Ohio. Our properties range in size from approximately 650 square feet to approximately 90,000 square feet. Our leases are typically short term in duration with customary extensions at our option. We also own two adjoining properties in Mars, Pennsylvania. We believe suitable alternative space is available in all of our markets. The table below summarizes our locations, as of September 30, 2013. All locations are leased unless otherwise indicated.

<u>State</u>	<u>Number of Locations</u>	<u>Approximate Total Square Footage</u>	<u>State</u>	<u>Number of Locations</u>	<u>Approximate Total Square Footage</u>
Alabama	1	10,500	Mississippi	1	3,900
California	7	68,428	Nebraska	1	9,192
Colorado	5	35,405	New Hampshire	3	35,096
Connecticut	1	6,285	New York	8	92,300
Delaware	1	9,625	North Carolina	3	30,110
Florida	6	55,350	Ohio	12	262,283
Georgia	6	50,488	Oklahoma	1	12,547
Illinois	2	18,335	Oregon	1	16,330
Indiana	9	184,129	Pennsylvania	3*	5,000
Kentucky	2	16,000	South Carolina	3	53,775
Louisiana	1	15,000	Tennessee	2	36,700
Maine	2	30,000	Texas	4	69,415
Maryland	3	34,710	Vermont	1	12,400
Massachusetts	4	45,303	Virginia	3	25,700
Michigan	1	19,000	Washington	1	18,247
Minnesota	4	33,540	Wisconsin	1	16,640

* We own two adjoining properties in Mars, Pennsylvania.

Our Fleet

As of September 30, 2013, our fleet consisted of approximately 1,900 total vehicles, which are comprised of approximately 1,600 installation vehicles, which our installers use to deliver and install products from our local locations to job sites, and approximately 300 other vehicles that are utilized by our sales staff and branch managers.

ENVIRONMENTAL AND OTHER REGULATORY MATTERS

We are subject to various federal, state and local government regulations applicable in the jurisdictions in which we operate, including laws and regulations relating to our relationships with our employees, public health and safety, work place safety, transportation, zoning and fire codes. We strive to operate in accordance with applicable laws, codes and regulations.

Our transportation operations are subject to the regulatory jurisdiction of the DOT, which has broad administrative powers. We are also subject to safety requirements governing interstate operations prescribed by the DOT. Vehicle dimension and weight and driver hours of service also are subject to both federal and state regulation. Our operations are also subject to the regulatory jurisdiction of OSHA, which has broad administrative powers regarding workplace and jobsite safety.

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Our operations and properties are also subject to federal, state and local laws and regulations relating to the use, storage, handling, generation, transportation, treatment, emission, release, discharge and disposal of hazardous or toxic materials, substances and wastes and petroleum products and the investigation, remediation, removal and monitoring of the presence or release of such materials, substances, wastes and petroleum products, including at currently or formerly owned or occupied premises and off-site disposal locations. We have not previously incurred material costs to comply with environmental laws and regulations. However, we could be subject to material costs, liabilities or claims relating to environmental compliance in the future, especially in the event of changes in existing laws and regulations or in their interpretation or enforcement.

As the nature of our business involves the use or handling of certain potentially hazardous or toxic substances, including spray foam applications and lead-based paint, we may be held liable for claims alleging injury or damage resulting from the release of or exposure to such substances, as well as claims relating to the presence of mold, fungal growth and moisture intrusion alleged in connection with our business activities. In addition, as owners and lessees of real property, we may be held liable for, among other things, releases of hazardous or toxic substances or petroleum products on, at, under or emanating from currently or formerly owned or operated properties, or any off-site disposal locations, or for any known or newly discovered environmental conditions at or relating to any of our properties, including those arising from activities conducted by previous occupants or at adjoining properties, without regard to whether we knew of or were responsible for such release. We may be required to investigate, remove, remediate or monitor the presence or release of such hazardous or toxic substances or petroleum products and may be held liable by a governmental entity for fines and penalties or to any third parties for damages, including for bodily injury, property damage and natural resource damage in connection with the presence or release of hazardous or toxic substances or petroleum products.

To date, costs to comply with applicable laws and regulations relating to pollution or the protection of human health and safety, the environment and natural resources have not had a material adverse effect on our financial condition or operating results, and we do not anticipate incurring material expenditures to comply with environmental laws and regulations in the current fiscal year.

In conjunction with our lease agreements and other transactions, we often provide reasonable and customary indemnifications relating to various matters, including environmental issues. To date, we have not had to pay a material amount pursuant to any such indemnification obligations.

In addition, our suppliers are subject to various laws and regulations, including in particular, environmental laws and regulations.

LEGAL PROCEEDINGS

A class action lawsuit was filed on February 11, 2013 and an amended complaint was filed on May 15, 2013 in the Superior Court of King County, Washington, against us, alleging violations of Washington State wage and hour laws for failure to pay prevailing and minimum wage and overtime wages. The plaintiffs are former insulation installers for Installed Building Products II, LLC, one of our subsidiaries, who seek to represent all similarly situated workers who they allege were not paid for all time worked on various prevailing wage and commercial insulation projects. The plaintiffs seek all unpaid wages including minimum wage and overtime pay, double damages for a willful violation of the law and litigation costs and fees. In October 2013, the court issued an order certifying the putative class and in November 2013 ordered that all class members be notified. In December 2013, we appealed the court's orders. On January 14, 2014, the parties mediated the case. The parties have agreed in principle to a settlement that is subject to court approval.

A lawsuit was filed on July 23, 2013 in federal court in the Middle District of Tennessee against TCI d/b/a Installed Building Products of Nashville, alleging unpaid overtime and failure to pay lawful wages under federal law, Tennessee common law and in unjust enrichment and breach of an alleged contract. The named plaintiffs are

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former insulation installers of TCI, one of our subsidiaries, who allege they and similarly situated workers performed work beyond forty hours in a week for which they were not paid time and a half their regular hourly wage. Plaintiffs seek to have this case certified as a collective action under the Fair Labor Standards Act and as a class action under Tennessee law. They seek reimbursement of the overtime wages for all time worked over forty hours each week, as well as liquidated damages and litigation costs and fees. We filed an answer denying the material allegations in the complaint. The parties have agreed in principle to a settlement that is subject to court approval.

In addition, we are involved in various claims and lawsuits incidental to the conduct of our business in the ordinary course. We carry insurance coverage in excess of our self-insured coverage, which we believe to be reasonable under the circumstances, although insurance may or may not cover any or all of our liabilities in respect of claims and lawsuits. We do not believe that the ultimate resolution of these matters individually or in the aggregate will have a material adverse effect on our consolidated financial position, results of operations or cash flows.

Management

EXECUTIVE OFFICERS AND DIRECTORS

Set forth below are the names, ages and positions of our executive officers and directors as of January 1, 2014.

<u>Name</u>	<u>Age</u>	<u>Position(s) held</u>
Jeffrey W. Edwards	50	President, Chief Executive Officer and Chairman
Michael T. Miller	49	Executive Vice President, Chief Financial Officer and Director
Jay P. Elliott	52	Chief Operating Officer
J. Michael Nixon	68	Director
Steven G. Raich	40	Director
Margot L. Carter	46	Director Nominee
Lawrence A. Hilsheimer	56	Director Nominee
Michael H. Thomas	64	Director Nominee

CERTAIN SIGNIFICANT EMPLOYEES

<u>Name</u>	<u>Age</u>	<u>Position(s) held</u>
W. Jeffrey Hire	62	President of External Affairs
William W. Jenkins	57	Director of Internal Audit
R. Scott Jenkins	58	Regional President
Matthew J. Momper	53	Regional President
Warren W. Pearce	55	Regional President
Randall S. Williamson	51	Regional President

BIOGRAPHICAL INFORMATION

Executive Officers and Directors

Jeffrey W. Edwards is our President, Chief Executive Officer and Chairman and has held these positions since 2011, 2004 and 1999, respectively. Mr. Edwards' position allows him to advise the board of directors on management's perspective over a full range of issues affecting our company. Prior to joining us, he acted as an officer and strategist for the Edwards Companies. Since 1988, Mr. Edwards has been involved in the launch of many business ventures as well as commercial real estate developments in central Ohio. He holds a B.S. in Marketing from Miami University. We believe that Mr. Edwards' leadership, executive, managerial and business experience, along with his more than 25 years of experience in the field, qualify him to be a member of our board of directors.

Michael T. Miller has served as our most senior financial officer since he joined us in 2000 as our Executive Vice President – Finance, has been our Chief Financial Officer since July 2013 and has served as a director since March 2004. Prior to joining us, he held the position of Senior Vice President/Managing Director responsible for Corporate Investment Banking at Huntington Capital Corp., a subsidiary of Huntington Bancshares, Inc., a regional bank holding company. Before joining Huntington in 1991, Mr. Miller held various positions with Deutsche Bank and CIBC in New York. Mr. Miller began his career at First Union National Bank in Charlotte, North Carolina. Mr. Miller holds a B.A. from Wake Forest University. We believe that Mr. Miller's extensive experience with us in the building products industry, background in finance and knowledge of financial reporting make him qualified to serve as a member of our board of directors.

Jay P. Elliott has been our Chief Operating Officer since August 2013. Since joining us in April 2002 as Regional Operations and Business Integrations Manager, Mr. Elliott has led our acquisition integration process and overseen various corporate functions. Prior to joining us, Mr. Elliott worked with E&Y Corporate Finance, LLC in restructuring advisory services. Mr. Elliott's experience includes ten years with Owens Corning in several roles including new business development, market management and corporate strategic planning.

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Additionally, he spent three years with IBM and began his career with Westinghouse Electric Corp. Mr. Elliott earned an M.B.A. from Cornell University Johnson Graduate School of Management, a B.E. from Dartmouth College Thayer School of Engineering, and an A.B. from Colgate University.

Non-executive Directors

J. Michael Nixon has served as a director since December 2012. Mr. Nixon is the founder of TCI Contracting, LLC, one of our indirect subsidiaries, where he has served as the chief executive officer since 2006. Prior to establishing TCI Contracting, LLC, he founded and led Quality Insulation Inc., a Connecticut-based insulation installer, over a thirty year period. In addition, Mr. Nixon is the owner of Hawks Ridge Golf Club in Ball Ground, Georgia. In 2010, Mr. Nixon was appointed to the Cherokee County Airport Authority, and in 2011, he was appointed to the Georgia Properties Commission. We believe that Mr. Nixon's extensive experience and leadership in the building products installation industry makes him qualified to serve as a member of our board of directors.

Steven G. Raich has served as a director since November 2011. Mr. Raich became a partner of Littlejohn in January 2008 after having been with the firm since 2000. Mr. Raich joined Littlejohn from Golub Capital, a private equity and debt fund where he analyzed new investment opportunities and worked with portfolio company managers. Previously, Mr. Raich was at Ernst & Young LLP in the mergers and acquisitions advisory services group. Mr. Raich received an M.B.A. from the Stern School of Business at N.Y.U. and an A.B. from Duke University. We believe that Mr. Raich's extensive experience in corporate strategy, finance and acquisitions makes him qualified to serve as a member of our board of directors.

Margot L. Carter will serve as one of our directors upon the completion of this offering. Mrs. Carter is Executive Vice President, Chief Legal Officer and Secretary for RealPage, Inc., a leading provider of comprehensive property management software solutions in the multifamily, commercial and single-family rental housing industries. Prior to joining Realpage in 2010, Mrs. Carter served as Founder and President of Living Mountain Capital L.L.C., a business advisory consulting firm she founded in 1998 specializing in corporate development, strategic alliances, acquisitions, board directorships and restructurings. From June 2004 to August 2007, Mrs. Carter was Executive Vice President, General Counsel and Secretary at The Princeton Review, Inc. through its share issuance to Bain Capital Venture Investors, LLC. From February 2003 to March 2004, Mrs. Carter was Executive Vice President, General Counsel, Managing Director and Secretary at Soundview Technology Group, Inc. through its sale to The Charles Schwab Corporation and from November 2001 to January 2003, Mrs. Carter served as Vice President, Assistant General Counsel and Assistant Secretary of Cantor Fitzgerald and its affiliate eSpeed, Inc., which was acquired by BGC Partners, Inc. Mrs. Carter received her B.A. in economics and history from SUNY Binghamton and her J.D. from Fordham University School of Law. We believe Mrs. Carter's significant business and finance, general counsel and public company experience make her qualified to serve as a member of our board of directors.

Lawrence A. Hilsheimer will serve as one of our directors upon the completion of this offering. Since April 2013, Mr. Hilsheimer has served as Executive Vice President and Chief Financial Officer of The Scotts Miracle-Gro Company, where he has overall responsibility for corporate and operating finance functions. Prior to joining Scotts, from 2007 to 2013, Mr. Hilsheimer served in various roles at Nationwide Mutual Insurance Company, starting as Executive Vice President and Chief Financial Officer through 2009, followed by President and Chief Operating Officer roles for multiple business units, including Nationwide Direct and Customer Solutions and, most recently, Nationwide Retirement Plans. Prior to joining Nationwide, Mr. Hilsheimer was Vice Chairman and Regional Managing Partner of Deloitte & Touche USA, LLP. Mr. Hilsheimer holds a B.A. in business administration from Fisher College of Business at The Ohio State University and a J.D. from Capital University Law School. Mr. Hilsheimer sits on the Dean's Advisory Council at the Fisher College of Business and on the Audit and Compliance Committee of The Ohio State University Board of Trustees. We believe that Mr. Hilsheimer's broad business background and corporate finance experience, including as a chief financial officer with responsibility and accountability for all corporate and operating finance functions, make him qualified to serve as a member of our board of directors.

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Michael H. Thomas will serve as one of our directors upon the completion of this offering. Since joining Stonehenge Partners, Inc. in 1999, Mr. Thomas has been responsible for providing counsel as it relates to matters of investment origination, portfolio asset management and disposition of investments. Prior to joining Stonehenge, Mr. Thomas co-founded and served as Executive Vice President and Treasurer of JMAC, Inc., the holding and investment company of the McConnell family of Worthington, Ohio. His activities at JMAC included direct investment in the financial services, publishing, health care, real estate and manufacturing sectors. He was also responsible for the McConnell family's financial, estate and income tax planning. From 1971 to 1980, Mr. Thomas worked for Ernst and Young LLP, managing its Columbus, Ohio tax practice. Mr. Thomas holds a B.A. in business administration from the University of Notre Dame. Mr. Thomas previously served as one of our directors from 2004 to 2011. We believe Mr. Thomas' significant business and investment experience, knowledge of our business, and accounting background make him qualified to serve as a member of our board of directors.

Certain Significant Employees

W. Jeffrey Hire joined us in late 2008, and was named President of External Affairs in December 2013. His responsibilities include working with our largest customers, our major suppliers and industry associations. Prior to joining us, Mr. Hire held numerous management positions at Owens Corning from 1978 to 2008. From 2006 to 2008, he served as Director of Products and Programs for the Insulating Systems Business, developing product innovations and value-added customer programs. For eleven years prior to that, Mr. Hire was General Manager of the Insulation Contractor Segment of the Residential Insulation Division. Mr. Hire earned a B.S. in Philosophy from University of Mount Union in Alliance, Ohio and an M.B.A. specializing in General Management from The University of St. Thomas Opus College of Business in St. Paul, Minnesota. He serves on the Board of Directors of the Insulation Contractors Association of America and has served as a Committee Chairman for the North American Insulation Manufacturers Association. Mr. Hire received the Insulation Contractors Association of America's "Key Man" award for his leadership and dedication to the industry.

William W. Jenkins has been our Director of Internal Audit since September 2013. Previously, Mr. Jenkins served as a Regional President from 2011 to 2013 and as our President from 1998 to 2011. Prior to joining us, Mr. Jenkins held senior management positions with Midwest Wholesale Building Materials, a building products wholesaler and BuyOhio Realtors. Mr. Jenkins began his career with Ernst & Young LLP, where he progressed to become a Senior Manager, specializing in audits of publicly held and privately held insurance, wholesale distribution and fast-food companies. Mr. Jenkins graduated from The Ohio State University with a B.S. and became a licensed CPA in the State of Ohio. He is currently a member of the American Institute of Certified Public Accountants.

R. Scott Jenkins has been a Regional President since October 2006 when we acquired OJ Insulation, Inc., which he co-founded in 1984. During his 22-year tenure at OJ Insulation, as owner and Chief Executive Officer, Mr. Jenkins was responsible for numerous strategic acquisitions and significant company growth. Since joining us, Mr. Jenkins has taken on the management of operations in certain states, including Texas, Washington and California. Mr. Jenkins received a B.A. in Social Science from the University of California at Irvine and has been an active member of Vistage International CEO Organization since 2004.

Matthew J. Momper has been a Regional President since 2008. Prior to joining us, Mr. Momper served as President of Momper Insulation Inc., a family business, which he joined in 1984. Mr. Momper was responsible for significant growth of Momper Insulation Inc., and the strategic decision to join that company with us in 1998. Since joining us, Mr. Momper has taken on the management of operations in certain states, including Indiana, Ohio and Illinois. Mr. Momper received a B.S. from Ball State University and an M.B.A. from Drake University. He currently serves on the Board of Trustees for Ball State University and the Board of Directors for the Allen County Building Department.

Warren W. Pearce has been a Regional President since 2011. From 2004 to 2011, Mr. Pearce was Vice President of Operations for Masco Corporation, where he held various other positions beginning in 1989. Prior to joining

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Masco, Mr. Pearce began his career at Carroll Insulation and later served as branch manager at American Aluminum Insulation. Since joining us, Mr. Pearce has taken on the management of operations in certain key states, including Ohio, Indiana and Maryland. Mr. Pearce received from Kent Votech his Electrical Apprenticeship certification.

Randall S. Williamson has been a Regional President since 2001. Mr. Williamson began his career in 1981 at Monroe Insulation and Gutter Company Incorporated, or Monroe, where he progressed to become Vice President in 1992. In 1996, Mr. Williamson purchased Monroe and merged it with other companies to form American Building Systems, Inc., where he served as President until 2001. American Building Systems, Inc. merged with us in 2001. Mr. Williamson has taken on the management of operations in certain states, including Massachusetts, New York and Michigan. Mr. Williamson attended Colorado State University and serves on the board of governors for U.S. Grown Foods.

COMPOSITION OF THE BOARD OF DIRECTORS

After the completion of this offering, our board of directors will be comprised of seven directors, four of whom were designated by our stockholders pursuant to the board designation provisions of our Stockholders Agreement dated November 4, 2011, as amended, or our Stockholders Agreement. Upon the completion of this offering, these board designation provisions of our Stockholders Agreement will terminate. See “Certain Relationships and Related-Party Transactions—Stockholders Agreement.” Mrs. Carter, Mr. Hilsheimer and Mr. Thomas have agreed to become members of our board of directors upon completion of this offering. After this offering, we expect to add two additional directors to our board of directors who will be “independent” as defined in the NYSE listing rules.

Our business and affairs are managed under the direction of our board of directors. Our amended and restated bylaws provide that the authorized size of our board of directors is to be determined from time to time by resolution of the board of directors. The authorized number of directors may be changed by resolution duly adopted by at least a majority of our entire board of directors then in office, although no decrease in the authorized number of directors will have the effect of removing an incumbent director from our board of directors until the incumbent director’s term of office expires. Vacancies on our board of directors can be filled by resolution of our board of directors.

Upon the completion of this offering, our board of directors will be divided into three classes, each serving staggered, three-year terms:

- Our class I directors will be Mr. Miller, Mr. Nixon and Mr. Raich, and their terms will expire at the first annual meeting of stockholders following the date of this prospectus;
- Our class II directors will be Mrs. Carter and Mr. Thomas, and their terms will expire at the second annual meeting of stockholders following the date of this prospectus; and
- Our class III directors will be Mr. Edwards and Mr. Hilsheimer, and their terms will expire at the third annual meeting of stockholders following the date of this prospectus.

As a result, only one class of directors will be elected at each annual meeting of stockholders, with the other classes continuing for the remainder of their respective terms.

DIRECTOR INDEPENDENCE

Based upon information requested from and provided by each director and director nominee concerning his or her background, employment and affiliations, our board of directors has determined that each of Mrs. Carter, Mr. Hilsheimer and Mr. Thomas, each of whom has agreed to become a member of our board of directors upon completion of this offering, have no material relationship that would interfere with the exercise of independent

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judgment and is “independent” as defined in the NYSE listing rules. We intend to rely on the NYSE transition rules, which provide for phase-in compliance for companies listing in connection with their initial public offering. Accordingly, we intend to have a majority of our board comprised of independent directors within one year of our listing.

The SEC rules and NYSE listing rules require that at least one member of our audit committee be independent as of the date of this prospectus and that each of our audit, compensation and nominating and corporate governance committees be comprised of a majority of independent directors within 90 days of our listing and solely of independent directors within one year of our listing. We intend to comply with these transition rules.

BOARD LEADERSHIP STRUCTURE

Jeff Edwards serves as our President, Chief Executive Officer and Chairman. The positions of chairman of the board and chief executive officer have historically been combined at our company. We believe a combined chairman and chief executive officer role helps provide strong, unified leadership for our management team and board of directors. In addition, our customers, stockholders, suppliers and other business partners view our chairman and chief executive officer as a leader in our industry. While our amended and restated bylaws and corporate governance guidelines do not require that our chairman and chief executive officer positions be combined, our board of directors believes that having a combined position is the appropriate leadership structure for us at this time.

ROLE OF OUR BOARD OF DIRECTORS IN RISK OVERSIGHT

Risk assessment and oversight are an integral part of our governance and management processes. Our board of directors encourages management to promote a culture that incorporates risk management into our corporate strategy and day-to-day business operations. Management discusses strategic and operational risks at regular management meetings, and conducts specific strategic planning and review sessions during the year that include a focused discussion and analysis of the risks facing us. Throughout the year, senior management reviews these risks with the board of directors at regular board meetings as part of management presentations that focus on particular business functions, operations or strategies, and presents the steps taken by management to mitigate or eliminate such risks.

Our board of directors does not have a standing risk management committee, but rather administers this oversight function directly through our board of directors as a whole, as well as through various standing committees of our board of directors that address risks inherent in their respective areas of oversight. In particular, our board of directors is responsible for monitoring and assessing strategic risk exposure. Our audit committee is responsible for overseeing our major financial risk exposures and the steps our management has taken to monitor and control these exposures and our compensation committee assesses and monitors whether any of our compensation policies and programs has the potential to encourage unnecessary risk-taking. In addition, upon completion of this offering, our audit committee will oversee the performance of our internal audit function and consider and approve or disapprove any related-party transactions and our nominating and governance committee will monitor the effectiveness of our corporate governance guidelines.

COMMITTEES OF OUR BOARD OF DIRECTORS

After completion of this offering, the standing committees of our board of directors will consist of an audit committee, compensation committee and nominating and corporate governance committee. The board of directors will adopt written charters for the audit committee, compensation committee and nominating and corporate governance committee, which will be available on our website upon the completion of this offering. In addition, from time to time, special committees may be established under the direction of our board of directors when necessary to address specific issues. The information contained in, or that can be accessed through, our websites is not incorporated by reference and is not a part of this prospectus.

Audit Committee

Our audit committee will oversee our corporate accounting and financial reporting process. Upon completion of this offering, the audit committee will be responsible for, among other things:

- appointing our independent registered public accounting firm;
- evaluating the independent registered public accounting firm's qualifications, independence and performance;
- determining the engagement of the independent registered public accounting firm;
- reviewing and approving the scope of the annual audit and the audit fee;
- reviewing and discussing the adequacy and effectiveness of our accounting and financial reporting processes and internal controls and the audits of our financial statements;
- reviewing and approving, in advance, all audit and non-audit services to be performed by our independent auditor, taking into consideration whether the independent auditor's provision of non-audit services to us is compatible with maintaining the independent auditor's independence;
- monitoring and ensuring the rotation of partners of the independent registered public accounting firm on our engagement team as required by law;
- establishing and overseeing procedures for the receipt, retention and treatment of complaints received by us regarding accounting, internal accounting controls or auditing matters, including procedures for the confidential, anonymous submission by our employees regarding questionable accounting or auditing matters and reviewing such complaints;
- reviewing and approving related-party transactions for potential conflict of interest situations on an ongoing basis;
- investigating any matter brought to its attention within the scope of its duties and engaging independent counsel and other advisors as the audit committee deems necessary;
- reviewing reports to management prepared by the internal audit function, as well as management's responses;
- reviewing our financial statements and our management's discussion and analysis of financial condition and results of operations to be included in our annual and quarterly reports to be filed with the SEC;
- from time to time reviewing the audit committee charter and the committee's performance; and
- handling such other matters that are specifically delegated to the audit committee by our board of directors from time to time.

Upon completion of this offering, our audit committee will consist of Mr. Hilsheimer, who will serve as chairperson of the committee, Mr. Raich and Mr. Thomas. All members of our audit committee meet the requirements for financial literacy under the applicable rules and regulations of the SEC and NYSE. Our board of directors has determined that Mr. Hilsheimer is an audit committee financial expert as defined under the applicable rules of the SEC and has the requisite financial sophistication as defined under the applicable rules and regulations of the NYSE. Under the rules of the SEC and NYSE, members of the audit committee must also meet independence standards under Rule 10A-3 of the Exchange Act, subject to the transition rules described above.

Compensation Committee

Our compensation committee will review and recommend policies relating to compensation and benefits of our officers, directors and employees. Upon completion of this offering, the compensation committee will be responsible for, among other things:

- reviewing and approving the compensation, employment agreements and severance arrangements and other benefits of all of our executive officers;

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- reviewing and determining director compensation from time to time in accordance with our amended and restated certificate of incorporation and the applicable NYSE rules;
- reviewing and approving, on an annual basis, the corporate goals and objectives relevant to the compensation of our executive officers, and evaluating their performance in light of such goals and objectives;
- reviewing and making recommendations periodically to our board of directors with respect to director compensation, including salary, bonus and equity and non-equity incentive compensation, subject to approval by our board of directors;
- reviewing and discussing with management our Compensation Discussion and Analysis, or CD&A, or such other similar section, and recommending that the CD&A, or such other similar section, if required, be included or incorporated by reference in our proxy statement and annual report on Form 10-K;
- reviewing our incentive compensation arrangements to confirm that incentive pay does not encourage unnecessary risk-taking and reviewing and discussing periodically the relationship between risk management policies and practices, business strategy and our executive officers' compensation;
- reviewing and evaluating, at least annually, the performance of the compensation committee and its members, including compliance by the compensation committee with its charter;
- retaining or obtaining, in its sole discretion, the advice of a compensation consultant, independent legal counsel or other adviser after taking into consideration the factors required by any applicable requirements of the Exchange Act and any applicable exchange rules;
- maintaining direct responsibility over the appointment, oversight and compensation of compensation consultants, independent legal counsel and other advisers engaged by the compensation committee;
- providing for appropriate funding for payment of reasonable compensation to a compensation consultant, legal counsel or any other adviser retained by the compensation committee; and
- handling such other matters that are specifically delegated to the compensation committee by our board of directors from time to time.

Upon completion of this offering, our compensation committee will consist of Mr. Thomas, who will serve as chairperson of the committee, Mrs. Carter and Mr. Raich. Each of the members of our compensation committee will be independent under the rules of the NYSE, will be a "non-employee director" as defined in Rule 16b-3 promulgated under the Exchange Act and will be an "outside director" as that term is defined in Section 162(m) of the Code, subject to the transition rules described above.

Nominating and Corporate Governance Committee

Upon the completion of this offering, the nominating and corporate governance committee will be responsible for, among other things:

- identifying and screening candidates for our board of directors and recommending nominees for election as directors;
- establishing procedures to exercise oversight of the evaluation of our board of directors and management;
- developing and recommending to our board of directors a set of corporate governance guidelines, as well as reviewing these guidelines and recommending any changes to our board of directors;
- reviewing the structure of our board of directors' committees and recommending to our board of directors for its approval directors to serve as members of each committee, and where appropriate, making recommendations regarding the removal of any member of any committee;

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- reviewing and assessing the adequacy of its formal written charter on an annual basis; and
- generally advising our board of directors on corporate governance and related matters.

Upon completion of this offering, our nominating and corporate governance committee will consist of Mrs. Carter, who will serve as chairperson of the committee, Mr. Hilsheimer and Mr. Raich. Each of the members of our nominating and corporate governance committee will be an independent director under the rules of the NYSE relating to nominating and corporate governance committee independence, subject to the transition rules described above.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

During 2012, our chief financial officer was a member of our compensation committee and our audit committee. None of our executive officers serves as a member of the board of directors or compensation committee of any entity that has one or more executive officers serving on our board of directors or compensation committee.

BOARD DIVERSITY

Upon completion of this offering, our nominating and corporate governance committee will be responsible for reviewing with our board of directors, on an annual basis, the appropriate characteristics, skills and experience required for the board of directors as a whole and its individual members. In evaluating the suitability of individual candidates (both new candidates and current members), the nominating and corporate governance committee, in recommending candidates for election, and the board of directors, in approving (and, in the case of vacancies, appointing) such candidates, will take into account many factors, including the following:

- personal and professional integrity;
- ethics and values;
- experience in corporate management, such as serving as an officer or former officer of a publicly held company;
- experience in the industries in which we compete;
- experience as a board member or executive officer of another publicly held company;
- diversity of expertise and experience in substantive matters pertaining to our business relative to other board members;
- conflicts of interest; and
- practical and mature business judgment.

FAMILY RELATIONSHIPS

There are no family relationships among any of our executive officers or any of our directors.

CODE OF BUSINESS CONDUCT AND ETHICS

We have adopted a code of business conduct and ethics, effective upon completion of this offering, applicable to all of our employees, officers, directors and consultants, including our principal executive, financial and accounting officers and all persons performing similar functions. A copy of that code will be available on our website prior to completion of this offering. We expect that any amendments to the code, or any waivers of its requirements, will be disclosed on our website or as required by applicable law or NYSE listing requirements.

Compensation of our Executive Officers and Directors

Our named executive officers, or the Named Executive Officers, for the year ended December 31, 2013, are:

- Jeff Edwards, our President, Chief Executive Officer and Chairman;
- Michael Miller, our Executive Vice President and Chief Financial Officer; and
- Jay Elliott, our Chief Operating Officer.

COMPENSATION OF OUR EXECUTIVE OFFICERS

Summary Compensation Table for the year ended December 31, 2013

The following table contains information about the compensation paid to or earned by each of our Named Executive Officers during the most recently completed fiscal year.

<u>Name and Principal Position</u>	<u>Year</u>	<u>Salary (\$)</u>	<u>Bonus (\$)</u>	<u>All Other Compensation (\$)</u>	<u>Total (\$)</u>
Jeff Edwards, <i>President, Chief Executive Officer and Chairman</i>	2013	83,077(1)	—	4,016(2)	87,093
	2012	(3)	—	2,677,247(4)	2,677,247
Michael Miller, <i>Executive Vice President and Chief Financial Officer</i>	2013	201,002	—	18,887(5)	219,889
	2012	201,000	—	2,159,701(6)	2,360,701
Jay Elliott, <i>Chief Operating Officer</i>	2013	194,900	—	10,409(7)	205,309
	2012	190,609	25,000(8)	594,386(9)	809,995

- (1) From January 1, 2013 through October 31, 2013, Mr. Edwards served as a consultant and non-employee officer to us in the capacity of Chief Executive Officer and President. Effective November 1, 2013, we entered into an employment agreement with Mr. Edwards pursuant to which he continues to serve as our Chief Executive Officer and President in an employee capacity earning an annual base salary of \$600,000. The amount in this column reflects amounts earned upon and following Mr. Edwards's employment commencement date with us in 2013.
- (2) Includes lease administrative costs of \$300 and automobile insurance premium costs of \$505 for a company-provided vehicle and mobile phone costs of \$3,211 paid by us on behalf of Mr. Edwards.
- (3) In 2012, Mr. Edwards served as a consultant and non-employee officer to us in the capacity of Chief Executive Officer and President. As such, he did not receive a salary for 2012.
- (4) Includes \$2,670,045 paid to Mr. Edwards for his services to us in 2012 pursuant to management agreements involving us and certain of our affiliates. For a description of these agreements, please see the sections of this prospectus captioned "Certain Relationship and Related-Party Transactions—Management Agreements." This amount also includes lease fees and maintenance costs of \$3,843 for a company-provided vehicle, insurance premium costs of \$526 and mobile phone costs of \$2,833 paid by us on behalf of Mr. Edwards.
- (5) Includes 401(k) matching contributions of \$4,003, lease payments of \$10,762 and automobile insurance premium costs of \$505 for a company-provided vehicle, parking costs of \$1,452 and mobile phone costs of \$2,120 paid by us on behalf of Mr. Miller.
- (6) In 2011, IBP Investment Holdings, LLC issued an equity award to Mr. Miller. In May 2012, Mr. Miller became entitled to a put right with respect to such award, pursuant to which he could require Mr. Edwards, our Chairman, Chief Executive Officer and President, to purchase the award during a limited period. Even though the award is in respect of our stockholders' (and not our) equity, under applicable accounting guidance, in 2012 we were required to recognize the fair value associated with the put right, and, accordingly, recorded the value as non-cash compensation expense included in administrative expenses. The amount in this column includes \$2,150,046, representing the fair value associated with Mr. Miller's put right. However, the put rights were never exercised and were terminated by Mr. Miller effective November 30, 2013. As such, no amounts were or will be paid under the put rights. The amount in this column also includes 401(k) matching contributions of \$4,201, lease fees, taxes and titling costs of \$2,720 for a company-provided vehicle, parking costs of \$1,452 paid by us, insurance premium costs of \$526 paid by us and mobile phone costs of \$891 paid by us on behalf of Mr. Miller.

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- (7) Includes 401(k) matching contributions of \$2,924, lease payments of \$4,186, fuel reimbursement costs of \$732 and automobile insurance premium costs of \$198 for a company-provided vehicle, parking costs of \$1,452 and mobile phone costs of \$848 paid by us on behalf of Mr. Elliott.
- (8) This amount represents a discretionary bonus that was paid to Mr. Elliott for his performance in 2012 and was not based on any special factors. In accordance with the terms of Mr. Elliott's original offer letter with us dated February 21, 2002, he was entitled to receive a \$25,000 bonus with respect to his initial year of employment with us. Following Mr. Elliott's initial year of employment with us, even though we were no longer required to pay him an annual bonus, we continued to pay, on an annual and discretionary basis, a bonus to Mr. Elliott in the amount of \$25,000 (including with respect to our 2012 fiscal year).
- (9) In 2010, IBP Management Holdings, LLC issued an equity award to Mr. Elliott. In May 2012, Mr. Elliott became entitled to a put right with respect to such award, pursuant to which he could require Mr. Edwards, our Chairman, Chief Executive Officer and President, to purchase the award during a limited period. Even though the award is in respect of our stockholders' (and not our) equity, under applicable accounting guidance, in 2012 we were required to recognize the fair value associated with the put right, and, accordingly, recorded the value as non-cash compensation expense included in administrative expenses. The amount in this column includes \$588,864, representing the fair value associated with Mr. Elliott's put right. However, the put rights were never exercised and were terminated by Mr. Elliott effective November 30, 2013. As such, no amounts were or will be paid under the put rights. The amount in this column also includes 401(k) matching contributions of \$3,328, parking costs of \$1,452 paid by us and mobile phone costs of \$673 paid by us on behalf of Mr. Elliott.

Consulting Agreement with Jeff Edwards

In March 2004, we entered into a consulting agreement with Jeff Edwards pursuant to which Mr. Edwards agreed to serve as our Chief Executive Officer in a non-employee capacity. The agreement did not provide Mr. Edwards with any base salary, bonus or severance entitlements. The agreement provided that the costs of Mr. Edwards' services to us would be covered under separate management agreements involving us and certain of our affiliates, which arrangements are described in the section of this prospectus captioned "Certain Relationship and Related-Party Transactions—Management Agreements." Mr. Edwards was entitled to reimbursement for reasonable business expenses incurred in connection with his performance of services under the consulting agreement.

The consulting agreement provided for an initial term of five years, with automatic three-year renewals unless either party provided the other party with notice of non-renewal at least 60 days prior to the expiration of the then-current renewal period. Pursuant to the agreement, Mr. Edwards was subject to non-disclosure restrictions that applied during the term and survive termination of the agreement. The consulting agreement was terminated upon the effective date of Mr. Edwards's employment agreement, described below.

Employment Agreement with Jeff Edwards

On November 1, 2013, we entered into an employment agreement with Jeff Edwards pursuant to which Mr. Edwards agreed to continue to serve as our Chief Executive Officer and President in an employee capacity. The agreement provides Mr. Edwards with a minimum annual base salary of \$600,000 and an opportunity to participate in our annual incentive programs, as well as our employee benefit plans and programs, in effect from time to time. The agreement provides for an initial employment term of three years, with automatic one-year renewals on the expiration date of the initial term and each anniversary thereafter, unless either we or Mr. Edwards provide notice of non-renewal at least 90 days prior to the commencement of a renewal period.

During the employment term, Mr. Edwards is required to devote the amount of his business time necessary and proper to conduct our business and affairs, and use his best efforts to perform faithfully his duties and responsibilities as our Chief Executive Officer and President. However, to the extent such activities do not create a conflict of interest or substantially interfere with the performance of Mr. Edwards' duties and responsibilities to us, he may (i) manage his personal and family financial and legal affairs, (ii) participate in charitable, civic, educational, professional, community and industry affairs (including serving on boards or committees of such

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entities), (iii) serve on the boards of directors of the Salvation Army and the Columbus Museum of Art and (iv) continue to engage in non-competitive operational activities for a real estate development business in which he participated prior to entering into his employment agreement with us.

In the event we terminate Mr. Edwards' employment without "cause" (as defined in the employment agreement) or if Mr. Edwards terminates his employment for "good reason" (as defined in the employment agreement), then, subject to Mr. Edwards' execution and non-revocation of a release of claims, and further subject to his continued compliance with the restrictive covenants in the employment agreement, we are required to pay him: (i) base salary continuation payments for 18 months; (ii) any earned and unpaid prior year's bonus; and (iii) any bonus earned for the year of termination based on actual performance, pro-rated based on the duration of Mr. Edwards' employment during the year of termination. If any such termination occurs within two years following a change in control (other than as a result of a sale of all of Mr. Edwards' equity interests in us), then the base salary continuation payment period described in clause (i) above would be 24 months, rather than 18 months.

Mr. Edwards is subject to non-competition and customer and employee non-solicitation restrictions while employed and for two years after termination of his employment, as well as confidentiality restrictions that last during his employment and thereafter. In addition, during his employment and thereafter, Mr. Edwards has agreed not to disparage us, and we have agreed to instruct our executive officers not to disparage Mr. Edwards.

Employment Agreement with Jay Elliott

Effective October 1, 2013, we and Jay Elliott agreed to terminate our employment agreement with him pursuant to which Mr. Elliott served as our Regional Operations & Business Integration Manager. The agreement provided Mr. Elliott with a minimum annual base salary of \$175,000 (which, for 2013, was increased to \$202,261) and an opportunity to receive additional compensation in the form of a discretionary bonus pursuant to bonus programs in effect from time to time for similarly situated employees.

The employment agreement provided for automatic one-year renewals each year unless either party gave the other party notice of non-renewal at least 60 days prior to the commencement of a renewal period. In the event we terminated Mr. Elliott's employment other than for cause or due to death or disability, or if we gave him a notice of non-renewal, the agreement provided that we would pay him an amount equal to his base salary through the end of the term. Mr. Elliott continues to be employed by us.

Outstanding Equity Awards as of December 31, 2013

None of our Named Executive Officers had equity awards with respect to any of our capital stock outstanding as of December 31, 2013.

COMPENSATION OF OUR DIRECTORS

During the year ended December 31, 2013, our directors did not receive any compensation for their services as directors.

Following the consummation of this offering, we intend to implement a director compensation program pursuant to which our non-employee directors will receive the following compensation for their service on our board of directors:

- An annual retainer of \$50,000;
- An additional annual retainer of \$10,000 for serving as chair of the Audit Committee;
- An additional annual retainer of \$10,000 for serving as chair of the Compensation Committee;

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- An additional annual retainer of \$10,000 for serving as chair of the Nominating and Corporate Governance Committee; and
- An annual grant of restricted stock made under the 2014 Omnibus Incentive Plan, or the 2014 Plan, having a fair market value of \$50,000, all of which shall vest on the earlier to occur of the one-year anniversary of the grant date and immediately prior to the first annual meeting of our stockholders occurring after the grant date.

2014 OMNIBUS INCENTIVE PLAN

On January 30, 2014, in anticipation of this offering, our board of directors adopted and established our 2014 Plan, subject to approval of our stockholders. Our stockholders approved the 2014 Plan on January 30, 2014 (which is the effective date of the 2014 Plan). We believe that a new omnibus incentive plan is appropriate in connection with a public offering of our common stock in order to enhance our profitability and value for the benefit of our stockholders by enabling us to offer our eligible employees, consultants and non-employee directors incentive awards to attract, retain and reward such individuals and strengthen the mutuality of interests between such individuals and our stockholders. The material terms of the 2014 Plan are summarized below. The following summary is qualified in its entirety by reference to the complete text of the 2014 Plan, a copy of which is included as an exhibit to the registration statement of which this prospectus is a part.

Administration of the Plan

The board of directors has appointed the compensation committee to administer the 2014 Plan. The compensation committee is authorized to grant awards to eligible employees, consultants and non-employee directors. To the extent required, subject to applicable transition rules, all members of the compensation committee are “non-employee directors” within the meaning of Rule 16b-3 under the Exchange Act, “outside directors” within the meaning of Section 162(m) of the Internal Revenue Code of 1986, as amended, or the Code, and “independent directors” under applicable NYSE rules.

Number of Authorized Shares and Award Limits

The aggregate number of our shares of common stock that may be issued or used for reference purposes under the 2014 Plan may not exceed 3,000,000 shares (subject to adjustment pursuant to the terms of the 2014 Plan as described below).

Our shares of common stock that are subject to awards will be counted against the overall limit as one share for every share granted. If any award is cancelled, expires or terminates unexercised for any reason, the shares covered by such award will again be available for the grant of awards under the 2014 Plan, except that any shares that are not issued as the result of a net settlement or that are used to pay any exercise price or tax withholding obligation will not be available for the grant of awards. Shares of common stock that we repurchase on the open market with the proceeds of an option exercise price also will not be available for the grant of awards.

The maximum number of our shares of common stock that may be subject to any award of stock options, any restricted stock or other stock-based award denominated in shares that may be granted under the 2014 Plan during any fiscal year to each employee or consultant is 500,000 shares per type of award, provided that the maximum number of our shares of common stock for all types of awards during any fiscal year does not exceed 500,000 shares per each employee or consultant. The foregoing individual participant limits are cumulative, that is, to the extent that shares of common stock that may be granted to an individual in a fiscal year are not granted, then the number of shares of common stock that may be granted to such individual shall be increased in the subsequent fiscal year. In addition, the maximum value at grant of any other stock-based award denominated in cash and any performance-based cash award that may be granted during any fiscal year to an employee or consultant is \$3,000,000. However, the foregoing limits (other than the limit on the maximum number of our shares of common stock for all types of awards during any fiscal year) will not apply (i) to options, stock

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appreciation rights or restricted stock or other stock-based awards that constitute “restricted property” under Section 83 of the Code to the extent granted during the Reliance Period (as described below) or (ii) to performance-based cash awards or other types of other stock-based awards to the extent paid or otherwise settled during the Reliance Period.

For companies that become public in connection with an initial public offering, the deduction limit under Section 162(m) of the Code does not apply during a “reliance period” under the Treasury Regulations under Section 162(m) of the Code which may be relied upon until the earliest of: (i) the expiration of the 2014 Plan, (ii) the date the 2014 Plan is materially amended for purposes of Treasury Regulation Section 1.162-27(h)(1)(iii); (iii) the date all shares of common stock available for issuance under this 2014 Plan have been allocated; or (iv) the date of the first annual meeting of our stockholders for the election of directors occurring after the close of the third calendar year following the calendar year in which the initial public offering occurs, such period is referred to herein as the Reliance Period.

The compensation committee will, in accordance with the terms of the 2014 Plan, make appropriate adjustments to the above aggregate and individual limits, to the number and/or kind of shares or other property (including cash) underlying awards and to the purchase price of shares underlying awards, in each case, to reflect any change in our capital structure or business.

Eligibility and Participation

All current and prospective eligible employees and consultants of ours and our affiliates, and all of our non-employee directors, are eligible to be granted non-qualified stock options, restricted stock awards, performance-based cash awards and other stock-based awards under the 2014 Plan. However, only employees of ours and our subsidiaries are eligible to be granted incentive stock options, or ISOs, under the 2014 Plan. Eligibility for awards under the 2014 Plan is determined by the compensation committee in its sole discretion.

Types of Awards

Stock Options. The 2014 Plan authorizes the compensation committee to grant ISOs to eligible employees and non-qualified stock options to purchase shares to eligible employees, consultants and non-employee directors (referred to as “participants”). The compensation committee will determine the number of shares of common stock subject to each option, the term of each option, the exercise price (which may not be less than the fair market value of the shares of our common stock at the time of grant or, in the case of ISOs granted to ten-percent stockholders, 110 percent of the fair market value), the vesting schedule and the other terms and conditions of each option. Options will be exercisable at such times and subject to such terms and conditions as are determined by the compensation committee at grant. The maximum term of options under the 2014 Plan is ten years (or five years in the case of ISOs granted to ten-percent stockholders). Upon the exercise of an option, the participant must make payment of the full exercise price (i) in cash or by check, bank draft or money order, (ii) solely to the extent permitted by law, through the delivery of irrevocable instructions to a broker (reasonably acceptable to us) to promptly deliver to us an amount equal to the aggregate exercise price and/or (iii) on such other terms and conditions as may be acceptable to the compensation committee (including, without limitation, the relinquishment of options or by payment in full or in part in the form of shares of our common stock owned by the participant). Unless otherwise determined by the compensation committee, the 2014 Plan provides that options vested and exercisable as of the date of a participant’s termination of employment, consultancy or directorship (as applicable) will remain exercisable for the following periods following the date of termination: if such termination is due to the participant’s death or “disability” (as defined in the 2014 Plan), one (1) year; if such termination is by us without “cause” (as defined in the 2014 Plan), 90 days; and if such termination is voluntary, 30 days. Upon an employment termination by us for cause or a voluntary resignation following an event that would be grounds for termination for cause, the options will terminate and expire on the date of employment termination. Unless otherwise determined by the compensation committee, upon any employment termination, unvested options will terminate and expire on the date of employment termination.

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Restricted Stock. The 2014 Plan authorizes the compensation committee to grant restricted stock awards to eligible participants. Recipients of restricted stock awards enter into an agreement with us subjecting the restricted stock awards to transfer and other restrictions and providing the criteria or dates on which such awards vest and such restrictions lapse. The restrictions on restricted stock awards may lapse and the awards may vest over time, based on performance criteria or other factors (including, without limitation, performance goals that are intended to comply with the performance-based compensation exception under Section 162(m) of the Code, as discussed below), as determined by the compensation committee at grant. Except as otherwise determined by the compensation committee, a holder of a restricted stock award has all of the attendant rights of a stockholder, including the right to vote. However, such holder does not have the right to tender shares of the restricted stock and any dividends or other distributions payable on the restricted stock will not be paid unless and until the underlying shares of restricted stock vest and are no longer subject to restrictions.

Other Stock-Based Awards. The 2014 Plan authorizes the compensation committee to grant awards of shares of our common stock and other awards to eligible participants that are valued in whole or in part by reference to, or are payable in or otherwise based on, shares of our common stock, including, but not limited to, shares of common stock awarded purely as a bonus in lieu of cash and not subject to any restrictions or conditions; shares of common stock in payment of the amounts due under an incentive or performance plan sponsored or maintained by us or an affiliate; stock appreciation rights; stock equivalent units; restricted stock units; performance awards entitling participants to receive a number of shares of our common stock (or cash in an equivalent value) or a fixed dollar amount, payable in cash, stock or a combination of both, with respect to a designated performance period; or awards valued by reference to book value of our shares of common stock.

Certain Performance-Based Awards

The 2014 Plan authorizes the compensation committee to grant performance-based stock-based and cash awards. As noted above, following the Reliance Period, performance-based awards granted under the 2014 Plan that are intended to satisfy the performance-based compensation exception under Section 162(m) of the Code will vest based on attainment of specified performance goals established by the compensation committee. These performance goals will be based on the attainment of a certain target level of, or a specified increase in (or decrease where noted), criteria selected by the compensation committee. Such performance goals may be based upon the attainment of specified levels of company, subsidiary, division or other operational unit performance under one or more of the measures described above relative to the performance of other companies. The compensation committee may designate additional business criteria on which the performance goals may be based or adjust, modify or amend those criteria, to the extent permitted by Section 162(m) of the Code. Unless the compensation committee determines otherwise, to the extent permitted by Section 162(m) of the Code, the compensation committee will disregard and exclude the impact of special, unusual or non-recurring items, events, occurrences or circumstances; discontinued operations or the disposal of a business; the operations of any business that we acquire during the fiscal year or other applicable performance period; or a change in accounting standards required by generally accepted accounting principles.

Effect of Detrimental Activity

Unless otherwise determined by the compensation committee, the 2014 Plan provides that, in the event a participant engages in “detrimental activity” (as defined in the 2014 Plan), all unexercised options held by the participant will terminate and expire and all unvested restricted stock and other stock-based awards will be immediately forfeited. As a condition to exercise an option, a participant is required to certify that he or she is in compliance with the terms and conditions of the 2014 Plan and that he or she has not engaged in, and does not intend to engage in, any detrimental activity. If the participant engages in a detrimental activity within one year following the exercise of an option, or if earlier, within one year following the date of the participant’s employment termination, we are entitled to recover from the participant, at any time within one year after such date, any gain realized from the exercise of such option. If the participant engages in a detrimental activity within one year following the vesting date of a restricted stock award or other stock-based award, we are entitled to recover from the participant, at any time within one year after such detrimental activity, the fair market value on

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the vesting date of any restricted stock award, and any gain realized from the vesting of any other stock-based award, that vested during such period. Unless otherwise determined by the compensation committee, the foregoing provisions will cease to apply upon a change in control (as defined in the 2014 Plan and described below).

Effect of Certain Transactions; Change in Control

In the event of a change in control, except as otherwise provided by the compensation committee in an award agreement, unvested awards will not vest. Instead, the compensation committee may, in its sole discretion provide for outstanding awards to be treated in accordance with one of the following methods: (i) awards (whether or not vested) may be continued, assumed or substituted for; (ii) awards may be purchased for an amount of cash equal to the change in control price per share; and/or (iii) stock options or other stock-based appreciation awards may be cancelled if the change in control price is less than the applicable exercise price. However, the compensation committee may in its sole discretion provide for the acceleration of vesting and lapse of restrictions of an award at any time. For the purposes of the foregoing, a “change in control” generally means the occurrence of one of the following events:

- the acquisition (including through purchase, reorganization, merger or consolidation) by a person or entity of 45% or more of the voting power of the securities entitled to vote to elect our board of directors;
- an election of individuals to our board of directors that causes a change in two-thirds of our board of directors, unless the individuals elected are approved by a vote of at least two-thirds of the directors then in office who either were directors as of the effective date of the 2014 Plan or whose election or nomination for election was previously so approved; or
- the sale or other disposition of all or substantially all of our assets.

In addition, upon the occurrence of an “acquisition event” (as defined below), the compensation committee may terminate all outstanding and unexercised options (or any other stock-based awards that are subject to exercise by the holder thereof) (referred to as the “exercisable awards”), effective as of the date of the acquisition event, by delivering a termination notice to each participant at least 20 days prior to the date of the acquisition event. During the period after which notice is provided, each participant may exercise all of his or her then outstanding and vested exercisable awards, subject to the occurrence of the acquisition event. Any exercisable award that has an exercise price that is equal to or greater than the fair market value of our common stock on the date of the acquisition event may be canceled by the compensation committee without consideration. Under the 2014 Plan, an “acquisition event” means (i) a merger or consolidation in which we are not the surviving entity, (ii) any transaction that results in the acquisition of all or substantially all of our outstanding common stock by a single person or group of persons, or (iii) the sale or transfer of all or substantially all of our assets.

Non-Transferability of Awards

Except as the compensation committee may permit, at the time of grant or thereafter, awards granted under the 2014 Plan are generally not transferable by a participant other than by will or the laws of descent and distribution. Shares of our common stock acquired by a permissible transferee will continue to be subject to the terms of the 2014 Plan and the applicable award agreement.

Term

Awards under the 2014 Plan may not be made after January 30, 2024, but awards granted prior to such date may extend beyond that date. We may seek stockholder re-approval of the performance goals in the 2014 Plan and, to the extent that such stockholder approval is obtained on or after the first stockholders’ meeting in the fifth year following the year of the last stockholder approval of the performance goals in the 2014 Plan, awards under the 2014 Plan may be made based on such performance goals in order to qualify for the “performance-based compensation” exception under Section 162(m) of the Code.

Amendment and Termination

Subject to the rules referred to in the balance of this paragraph, our board of directors may at any time amend, in whole or in part, any or all of the provisions of the 2014 Plan, or suspend or terminate it entirely, retroactively or otherwise. Except as required to comply with applicable law, no such amendment may reduce the rights of a participant with respect to awards previously granted without the consent of such participant. In addition, without the approval of stockholders, no amendment may be made that would: increase the aggregate number of shares of our common stock that may be issued under the 2014 Plan; increase the maximum individual participant share limitations for a fiscal year or year of a performance period; change the classification of individuals eligible to receive awards under the 2014 Plan; extend the maximum option term; alter the performance criteria; amend the terms of any outstanding stock option or other stock appreciation award to reduce the exercise price thereof (i.e., repriced); cancel any outstanding “in-the-money” stock option or other stock appreciation award in exchange for cash, other awards or stock option or other stock appreciation award with a lower exercise price; require stockholder approval in order for the 2014 Plan to continue to comply with Section 162(m) of the Code or Section 422 of the Code; or require stockholder approval under the rules of any exchange or system on which our securities are listed or traded. Following completion of this offering, we intend to file a registration statement on Form S-8 under the Securities Act to register the full number of shares of our common stock that will be available for issuance under the 2014 Plan, as described in the section titled “—2014 Omnibus Incentive Plan—Number of Authorized Shares and Award Limits” above.

Certain Relationships and Related-Party Transactions

Stockholders Agreement

On November 4, 2011, we entered into the Stockholders Agreement. Among other things, the Stockholders Agreement provides board designation rights for the Edwards Investors and Littlejohn and requires the approval of certain holders of our equity securities in order for us to take specified corporate actions. The Stockholders Agreement also provides for certain restrictions on the ability of our stockholders to transfer shares of our equity securities. Certain holders of our equity securities were granted put rights, drag-along rights and pre-emptive rights. The Stockholders Agreement will automatically terminate upon the completion of this offering.

Registration Rights

We are party to a registration rights agreement with certain of our stockholders dated November 6, 2013 or the Registration Rights Agreement. Under the Registration Rights Agreement, following the completion of this offering, Cetus Capital II, LLC, IBP Investment Holdings, LLC, IBP Management Holdings, LLC and TCI Holdings, LLC, or collectively, the Investors, will have demand, piggyback and Form S-3 registration rights. Subject to conditions and limitations as set forth in the agreement, including our right to defer a demand registration under certain circumstances, at any time which we are not eligible to register securities on Form S-3, the Investors may require that we register for public resale on Form S-1 under the Securities Act of all or part of the shares held by such Investors, so long as the securities being registered in each registration statement are proposed to be sold at an aggregate price to the public of at least \$30.0 million with respect to a request made within the first twelve months following the completion of this offering, and at least \$15.0 million with respect to any subsequent request. If we become eligible to register the sales of securities on Form S-3 under the Securities Act, the Investors have the right to require us to register the sale of common stock held by them on Form S-3 at an aggregate price to the public of at least \$15.0 million. We will not be obligated to effectuate more than one demand registration on Form S-1 or more than two demand registrations on Form S-3 during any calendar year. Subject to certain exceptions, the Investors are also entitled to piggyback registration rights with respect to any registration effected by us.

Under the Registration Rights Agreement, we will be responsible, subject to certain exceptions, for the expenses of any offering of our shares of common stock offered pursuant to the agreement other than underwriting discounts and selling commissions. The Registration Rights Agreement contains customary indemnification and market hold-back provisions.

Management Agreements

On April 30, 2010, we entered into a Second Amended and Restated Management Agreement with (i) IBP Holding Company, an affiliate of the Edwards Investors, and (ii) certain other investors. Pursuant to the Second Amended and Restated Management Agreement, IBP Holding Company provided certain executive, management, administrative, corporate overhead, clerical and other support services to one of our operating subsidiaries, Installed Building Products, LLC. A substantially similar management agreement was entered into on October 29, 2007 for IBP Holding Company to provide certain executive, management, administrative, corporate overhead, clerical and other support services to one of our other operating subsidiaries, Installed Building Products II, LLC. We collectively refer to these agreements as the Old Service Agreements. Pursuant to the Old Service Agreements, IBP Holding Company was paid management fees in an aggregate amount of approximately \$4.4 million in 2010 and \$4.8 million in 2011. The Old Service Agreements were terminated on December 31, 2011 and all employees of IBP Holding Company became employees of Installed Building Products, LLC, one of our operating subsidiaries.

On December 18, 2012, we entered into a Management Services and Fee Agreement with (i) Littlejohn Managers, LLC, (ii) Jeff Edwards, (iii) IBP Holding Company, an affiliate of the Edwards Investors, and (iv) TCI Holdings, LLC, one of our principal stockholders, or collectively the Managers. Pursuant to the Management

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Services and Fee Agreement, management fees were paid to Littlejohn Managers, LLC (\$1.1 million), Jeff Edwards (\$2.7 million) and TCI Holdings, LLC (\$0.5 million) during the year ended December 31, 2012. The Management Services and Fee Agreement was terminated on November 22, 2013. The indemnification provisions in favor of the Managers survive such termination.

Financing and Recapitalization Transactions

In 2010, IBP Funding Company, LLC, which was owned by one of our indirect stockholders and the Edwards Investors, and Primstone Funding Company, LLC, which was owned by some of our indirect stockholders, purchased \$27.8 million of outstanding senior secured indebtedness under IBP I's then existing credit facility and converted the loans to second lien loans. In connection with our Recapitalization, this second lien debt of IBP I was cancelled on November 3, 2011. Through a series of purchases in July 2011, Cetus Capital II, LLC, or Cetus II, purchased the remaining \$77.6 million (including accrued interest) of IBP I's outstanding indebtedness under IBP's then-existing credit facility, or the first lien debt. As part of the Recapitalization, Cetus II contributed the first lien debt to us in exchange for 1,000 shares of our Series A Preferred Stock and 5,850,000 shares of our Redeemable Common Stock.

In 2011, the Edwards Investors and an affiliate issued promissory notes to the lender under IBP II's then existing credit facility. The issuers of the notes used a portion of the funds from the loan to make a \$12.0 million capital contribution to IBP II, which was then used by IBP II to repay outstanding amounts under its credit facility. In connection with our Recapitalization, IBP II repaid the remaining \$500,000 outstanding under its existing credit facility on November 4, 2011.

In connection with our Recapitalization, on November 4, 2011, we assumed a \$1.7 million liability of IBP Holding Company, an affiliate of the Edwards Investors, for accrued deferred bonuses of its employees, which bonuses were paid by us in 2012. Personnel of the corporate headquarters were employed by IBP Holding Company prior to 2012 and, since January 1, 2012, have been employed by IBP I.

In connection with our Recapitalization, stockholder notes in the amount of \$3.8 million plus accrued interest of \$0.9 million owed by us to the Edwards Investors were cancelled.

Pursuant to the Recapitalization and Exchange Agreement, dated November 4, 2011, which we entered into with Cetus II, we had a call right to purchase 50,000 shares (975,000 shares after giving effect to the stock split) of common stock from Cetus II at a purchase price of \$0.01 per share. Pursuant to an amendment to the Recapitalization Agreement and Exchange Agreement dated January 27, 2014, our call right was terminated and IBP Investment Holdings, LLC, TCI Holdings, LLC and IBP Management Holdings, LLC had a call right to purchase 44,000 shares (858,000 shares after giving effect to the stock split) of common stock in the aggregate from Cetus II at a purchase price of \$0.01 per share, or the call right. These stockholders exercised such call right on January 27, 2014.

TCI Transaction

On August 31, 2012, we entered into a Membership Interest Purchase Agreement with TCI Holdings, LLC to acquire TCI Contracting, LLC. In connection with that transaction, TCI Holdings, LLC was issued 2,533,908 shares of our common stock and became party to the Stockholders Agreement. J. Michael Nixon, a member of TCI Holdings, LLC, was not a member of our board of directors at the time of the transaction, but became a member of our board in December 2012.

Supplier Loans

On May 17, 2010, CertainTeed Corporation, one of our insulation suppliers, loaned funds to IBP Holding Company, an affiliate of the Edwards Investors in the principal amount of \$2.0 million. The funds were made available as capital contributions to us and used for general corporate purposes. The loan was repaid by the Edwards Investors on June 19, 2013.

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On March 26, 2009, Knauf Insulation, GmbH, one of our insulation suppliers, loaned funds to the Edwards Investors in the principal amount of \$10.0 million. The funds were made available as capital contributions to us and were primarily used for general corporate purposes. The Edwards Investors continue to make payments on the loan. The loan will be repaid in full by the Edwards Investors and terminated concurrently with the completion of this offering.

On March 26, 2004, Installed Building Systems, Inc., an affiliate of Jeff Edwards, entered into an amended and restated loan agreement with Owens Corning pursuant to which Owens Corning loaned funds to the Edwards Investors in the principal amount of \$10.0 million. The funds were made available as capital contributions to us and used for general corporate purposes. The Edwards Investors continue to make payments on the loan. The loan will be repaid in full by the Edwards Investors and terminated concurrently with the completion of this offering.

Employee Benefits

The Edwards Industries, Inc. Medical Trust, or the Medical Trust, provides medical and dental benefits to our employees as well as those of other businesses affiliated with the Edwards Investors. We pay premiums to the Medical Trust for the provision of these benefits. We paid an aggregate of \$6.2 million for the year ended December 31, 2011, \$6.3 million for the year ended December 31, 2012 and \$5.8 million for the nine months ended September 30, 2013 to the Medical Trust for all our health plans.

Related-Party Sales

Certain of our operating subsidiaries install products in the ordinary course of their businesses to the following affiliates of the Edwards Investors: Michael Edwards Construction, Edwards Communities Construction Company and affiliates and Duffy Homes, Inc. These transactions are performed on terms comparable to those that could be obtained in an arm's-length transaction with an unrelated third party. Aggregate sales to these affiliates of the Edwards Investors totaled \$2.7 million for the year ended December 31, 2011, \$1.7 million for the year ended December 31, 2012 and \$0.9 million for the nine months ended September 30, 2013.

Real Property Leases

Pursuant to a lease agreement dated as of May 1, 2003, as amended, we lease our headquarters at 495 S. High Street, Columbus, Ohio from 495 South High Street, L.L.C., an entity affiliated with the Edwards Investors. The annual base rent is \$158,827. Prior to November 1, 2013, the base rent was \$201,471.

Pursuant to a lease agreement dated as of March 14, 2005, we lease a branch location at 1320 McKinley Avenue, Columbus, Ohio from Peter H. Edwards, an immediate family member of Jeff Edwards. The annual base rent is \$133,554.

TCI Contracting, LLC, one of our indirect subsidiaries, leases locations in Georgia, Florida and Tennessee pursuant to the terms of five lease agreements with one or more entities in which J. Michael Nixon, one of our directors, has an interest. The annual base rent for these locations is \$33,000, \$66,000, \$90,000, \$66,000 and \$60,000 respectively.

Guarantees of Corporate Liabilities

Pursuant to an Individual Guaranty Agreement and a Guaranty Agreement, each dated as of October 22, 2012, Jeff Edwards, Peter Edwards Jr., Anne Edwards and Michael Edwards, individually, and Littlejohn guaranteed our letter of credit reimbursement obligations to Bank of America, N.A. in connection with letters of credit issued by Bank of America, N.A. to support our workers compensation policies. Such letters of credit are currently issued under our revolving credit facility and these guarantees were terminated on July 30, 2013.

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Jeff Edwards has personally guaranteed reimbursement obligations of ours. The total obligation amounts were \$316,613 for the year ended December 31, 2012 and \$39,000 for the nine months ended September 30, 2013 under certain performance and licensing bonds issued by sureties on behalf of us in the ordinary course of business. These bonds were replaced with bonds that do not require any guarantee and the last of these guarantees was terminated on January 17, 2014.

Policies and Procedures for Related-Party Transactions

Our board of directors expects to adopt a written related-party transaction policy, to be effective upon the completion of this offering, setting forth the policies and procedures for the review and approval or ratification of transactions involving us and “related persons.” For the purposes of this policy, “related persons” will include our executive officers, directors and director nominees or their immediate family members, or stockholders owning five percent or more of our outstanding common stock and their immediate family members.

The policy will cover, with certain exceptions set forth in Item 404 of Regulation S-K under the Securities Act, any transaction, arrangement or relationship, or any series of similar transactions, arrangements or relationships in which we were or are to be a participant, where the amount involved exceeds \$120,000 and a related person had or will have a direct or indirect material interest, including, without limitation, purchases of goods or services by or from the related person or entities in which the related person has a material interest, indebtedness, guarantees of indebtedness and employment by us of a related person. In reviewing and approving any such transactions, our audit committee is tasked to consider all relevant facts and circumstances, including, but not limited to, whether the transaction is on terms comparable to those that could be obtained in an arm’s length transaction with an unrelated party and the extent of the related person’s interest in the transaction. All related-party transactions may only be consummated if our audit committee has approved or ratified such transaction in accordance with the guidelines set forth in the policy. Any member of the audit committee who is a related person with respect to a transaction under review will not be permitted to participate in the deliberations or vote respecting approval or ratification of the transaction. However, such director may be counted in determining the presence of a quorum at a meeting of the audit committee that considers the transaction. All of the transactions described in this section occurred prior to the adoption of this policy.

Principal and Selling Stockholders

The following table lists information regarding the beneficial ownership of our common stock as of January 31, 2014 by (i) each person whom we know to beneficially own more than 5% of our outstanding common stock, or a 5% Stockholder, (ii) each director and director nominee, (iii) each Named Executive Officer, (iv) all directors, director nominees and executive officers as a group and (v) the selling stockholder. Unless otherwise indicated, the address of each officer and director is that of our headquarters, c/o Installed Building Products, Inc., 495 South High Street, Suite 50, Columbus, Ohio 43215.

The number of shares of common stock “beneficially owned” by each stockholder is determined under rules issued by the SEC regarding the beneficial ownership of securities. This information is not necessarily indicative of ownership for any other purpose. Under these rules, beneficial ownership of shares of our common stock includes (1) any shares as to which the person or entity has sole or shared voting power or investment power and (2) any shares as to which the person or entity has the right to acquire beneficial ownership within 60 days after January 31, 2014, including any shares that could be purchased by the exercise of options or warrants held by that person. Each holder’s percentage ownership before this offering is based on 22,033,901 shares of common stock outstanding as of January 31, 2014. Each holder’s percentage ownership after this offering is based on 28,783,901 shares of common stock to be outstanding immediately after the completion of this offering. The percentages assume no exercise by the underwriters of their option to purchase additional shares.

The amounts below reflect: (1) the purchase of an aggregate of 858,000 shares of our common stock by IBP Investment Holdings, LLC, TCI Holdings, LLC and IBP Management Holdings, LLC from Cetus II pursuant to the call right, as discussed in additional detail in “Certain Relationships and Related-Party Transactions—Financing and Recapitalization Transactions” and (2) an in-kind distribution of 382,200 shares of our common stock by IBP Management Holdings, LLC to its members.

Unless otherwise indicated below, to our knowledge, all persons named in the table have sole voting and investment power with respect to their shares of common stock.

Name of Beneficial Owner	Shares of Common Stock Owned Before this Offering		Number of Shares Offered	Shares of Common Stock Owned After this Offering	
	Number	Percent		Number	Percent
5% Stockholders:					
IBP Investment Holdings, LLC (1)	13,971,360	63.4%	2,250,000	11,721,360	40.7%
Cetus Capital II, LLC (2)	4,992,000	22.7%	—	4,992,000	17.3%
TCI Holdings, LLC (3)	2,666,898	12.1%	—	2,666,898	9.3%
Directors and Executive Officers:					
Jeffrey W. Edwards (4)	14,056,906	63.8%	2,250,000	11,806,906	41.0%
Michael T. Miller (5)	—	—	—	—	—
Jay P. Elliott	39,741	*	—	39,741	*
Steven G. Raich (6)	4,992,000	22.7%	—	4,992,000	17.3%
J. Michael Nixon (3)	2,666,898	12.1%	—	2,666,898	9.3%
Lawrence A. Hilsheimer	—	—	—	—	—
Michael H. Thomas	—	—	—	—	—
Margot L. Carter	—	—	—	—	—
All directors, director nominees and executive officers as a group (8 persons)	21,755,545	98.7%	2,250,000	19,505,545	67.8%

* Denotes less than 1.0% beneficial owner.

(1) IBP Investment Holdings, LLC, or Investment Holdings, is a Delaware member-managed limited liability company. PJAM IBP Holdings, Inc., or PJAM, an Ohio corporation, and Installed Building Systems, Inc., or Systems, a Delaware corporation, own 41.4% and 36.0%, respectively, of the outstanding common units

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of Investment Holdings. Mr. Edwards, our President, Chief Executive Officer and Chairman, controls PJAM and Systems, and owns certain outstanding common units of Investment Holdings. Mr. Edwards has sufficient voting and dispositive power to control Investment Holdings. OCM IBP Holdings, Inc., or OCM, a Delaware corporation, that is an affiliate of OCM Mezzanine Fund, L.P., a fund sponsored by Oaktree Capital Management, owns all of the issued and outstanding Series A preferred units of Investment Holdings. OCM, Stonehenge Opportunity Fund LLC, Primus Capital Fund V, L.P. and Primus Executive Fund V, L.P. (collectively, the "Funds") own an aggregate of 12.3% of the outstanding common units of Investment Holdings. The remaining outstanding common units of Investment Holdings are owned by other members of our management team and a dynasty trust for the benefit of Mr. Edwards' family. The proceeds received by Investment Holdings in this offering will be used to repurchase some or all of the Series A preferred units of Investment Holdings held by OCM and some or all of the common units of Investment Holdings held by the Funds. None of the other members of Investment Holdings, including Mr. Edwards, will receive any of such proceeds. The address for Investment Holdings is 495 South High Street, Suite 50, Columbus, Ohio 43215.

- (2) Cetus Capital II, LLC, a Delaware limited liability company, or Cetus II, is an affiliate of Littlejohn. Littlejohn Fund IV, L.P., or Fund IV, as the sole member of Cetus II, and Littlejohn Associates IV, L.L.C., or Associates IV, the general partner of Fund IV, may each be deemed to be the indirect beneficial owner of these shares. Steven G. Raich and Robert E. Davis are managers of Associates IV and hold voting and dispositive power over these shares. Each of Fund IV, Associates IV, Steven G. Raich and Robert E. Davis disclaim any beneficial ownership of such shares in which it or he does not have a pecuniary interest. The address of each of Cetus II, Fund IV and Associates IV is 8 Sound Shore Drive, Greenwich, Connecticut 06830.
- (3) Represents shares held by TCI Holdings, LLC, a member-managed Georgia limited liability company. Mr. Nixon shares voting and dispositive power over the shares held by TCI Holdings, LLC. Mr. Nixon disclaims any beneficial ownership of such shares in which he does not have a pecuniary interest. The address for TCI Holdings, LLC and Mr. Nixon is 4080 McGinnis Ferry Road #1504, Alpharetta, Georgia 30005. Inis Investment Co. shares voting and dispositive power over the shares held by TCI Holdings, LLC. Inis Investment Co. disclaims any beneficial ownership of such shares in which it does not have a pecuniary interest. The address for Inis Investment Co. is 1209 Orange Street, Wilmington, Delaware 19801.
- (4) Represents shares held by Investment Holdings and IBP Management Holdings, LLC, or Management Holdings. Mr. Edwards has voting and dispositive control over the shares held by Investment Holdings and Management Holdings. The shares held by Investment Holdings are expected to be distributed to its members after the expiration of the 180-day lock-up period. From and after the expiration of the 180-day lock-up period, Mr. Edwards has agreed to pledge approximately 6,337,500 of these shares to secure certain loans made by a financial institution to him and members of his family. Mr. Edwards disclaims beneficial ownership of such shares in which he does not have a pecuniary interest.
- (5) Mr. Miller owns common units of Investment Holdings that will, after this offering, have the equivalent value of approximately 1% of our common stock outstanding.
- (6) Represents shares held by Cetus II. Mr. Raich is a partner of Littlejohn and may be deemed to beneficially own the shares held by Cetus II. Mr. Raich disclaims any beneficial ownership of such shares in which he does not have a pecuniary interest. The address for Mr. Raich is 8 Sound Shore Drive, Greenwich, Connecticut 06830.

Description of Capital Stock

The following description is intended as a summary of our amended and restated certificate of incorporation (which we refer to as our “charter”) and our amended and restated bylaws, in each case, which will become effective immediately prior to the effectiveness of the registration statement of which this prospectus forms a part and which will be filed as exhibits to such registration statement, and to the applicable provisions of the Delaware General Corporation Law. Because the following is only a summary, it does not contain all of the information that may be important to you. For a complete description, you should refer to our charter and amended and restated bylaws.

General

Immediately prior to the effectiveness of the registration statement of which this prospectus forms a part, we will file our charter that authorizes 100,000,000 shares of common stock, \$0.01 par value per share, and 5,001,000 shares of preferred stock, \$0.01 per value per share, 1,000 of which are designated as Series A Preferred Stock.

As of January 1, 2014, we had 22,033,901 shares of our common stock outstanding and 1,000 shares of our Series A Preferred Stock outstanding. All of our outstanding Series A Preferred Stock will be redeemed with a portion of the net proceeds received by us in this offering and, once redeemed, such shares will be retired and may not be reissued. Following the completion of this offering and the use of proceeds therefrom, no shares of our preferred stock will be designated, issued or outstanding.

COMMON STOCK

Voting Rights

Each holder of our common stock is entitled to one vote for each share on all matters submitted to a vote of the stockholders, including the election of directors. Our stockholders do not have cumulative voting rights in the election of directors. Accordingly, holders of a majority of the voting shares are able to elect all of the directors.

Dividends

Subject to preferences that may be applicable to any then outstanding preferred stock, holders of our common stock are entitled to receive dividends, if any, as may be declared from time to time by our board of directors out of legally available funds.

Liquidation

In the event of our liquidation, dissolution or winding up, holders of our common stock are entitled to share ratably in the net assets legally available for distribution to stockholders after the payment of all of our debts and other liabilities and the satisfaction of any liquidation preference granted to the holders of any then outstanding shares of preferred stock.

Rights and Preferences

Holders of our common stock have no preemptive, conversion, subscription or other rights, and there are no sinking fund provisions applicable to our common stock. Upon the closing of this offering, the redemption feature of our outstanding redeemable common stock will terminate and there will be no redemption provisions applicable to any shares of our common stock. The rights, preferences and privileges of the holders of our common stock are subject to and may be adversely affected by the rights of the holders of shares of any series of our preferred stock that we may designate in the future.

Fully Paid and Nonassessable

All of our outstanding shares of common stock are, and the shares of common stock to be issued in this offering will be, fully paid and nonassessable.

PREFERRED STOCK

Concurrent with the closing of this offering, all outstanding shares of our Series A Preferred Stock will be repurchased by us for an aggregate purchase price of \$75.7 million and retired. Immediately following this offering, we will amend our charter to delete all references to the Series A Preferred Stock. Following the completion of this offering, our board of directors will have the authority, without further action by our stockholders, to issue up to 5,000,000 shares of preferred stock in one or more series and to fix the rights, preferences, privileges and restrictions thereof. These rights, preferences and privileges could include dividend rights, conversion rights, voting rights, terms of redemption, liquidation preferences, sinking fund terms and the number of shares constituting, or the designation of, such series, any or all of which may be greater than the rights of common stock. The issuance of our preferred stock could adversely affect the voting power of holders of common stock and the likelihood that such holders will receive dividend payments and payments upon our liquidation. In addition, the issuance of preferred stock could have the effect of delaying, deferring or preventing a change in control of our company or other corporate action. Immediately after completion of this offering, no shares of preferred stock will be outstanding, and we have no present plan to issue any shares of preferred stock.

ANTI-TAKEOVER EFFECTS OF PROVISIONS OF OUR CHARTER, OUR AMENDED AND RESTATED BYLAWS AND DELAWARE LAW

Our charter and amended and restated bylaws contain provisions that may delay, defer or discourage another party from acquiring control of us. We expect that these provisions, which are summarized below, will discourage coercive takeover practices or inadequate takeover bids. These provisions are also designed to encourage persons seeking to acquire control of us to first negotiate with our board of directors, which we believe may result in an improvement of the terms of any such acquisition in favor of our stockholders. However, they also give our board of directors the power to discourage acquisitions that some stockholders may favor.

Undesignated Preferred Stock

The ability to authorize undesignated preferred stock will make it possible for our board of directors to issue preferred stock with super voting, special approval, dividend or other rights or preferences on a discriminatory basis that could impede the success of any attempt to acquire us. These and other provisions may have the effect of deferring, delaying or discouraging hostile takeovers, or changes in control or management of our company.

Board Size; Filling of Vacancies

Our charter and amended and restated bylaws provide that the number of directors on our board of directors will be fixed exclusively by our board of directors. Newly created directorships resulting from any increase in our authorized number of directors will be filled solely by the vote of our remaining directors in office. Any vacancies in our board of directors resulting from death, resignation, retirement, disqualification or removal from office or other cause will be filled solely by a majority vote of our remaining directors, or a quorum of our remaining directors, in office.

Classified Board of Directors

Our charter provides that our board of directors will be divided into three classes, with each class serving three-year staggered terms.

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Special Meetings of Stockholders

Our charter and amended and restated bylaws provide that special meetings of the stockholders may be called only by the chairman of our board of directors, our Chief Executive Officer, any two directors or upon a resolution approved by a majority of the total number of directors that we would have if there were no vacancies, and not by our stockholders.

No Stockholder Action by Written Consent

Our charter provides that any action required or permitted to be taken by the stockholders may be effected only at a duly called annual or special meeting.

Requirements for Advance Notification of Stockholder Nominations and Proposals

Our amended and restated bylaws establish advance notice procedures with respect to stockholder proposals and nomination of candidates for election as directors other than nominations made by or at the direction of our board of directors or a committee of our board of directors.

Business combinations with interested stockholders

We will be subject to Section 203 of the Delaware General Corporation Law, which generally prohibits a Delaware corporation from engaging in any of a broad range of business combinations with a stockholder owning 15% or more of such corporation's outstanding voting stock for a period of three years following the date on which such stockholder became an "interested" stockholder. In order for us to consummate a business combination with an "interested" stockholder within three years of the date on which the stockholder became "interested," either (1) the business combination or the transaction that resulted in the stockholder becoming "interested" must be approved by our board of directors prior to the date the stockholder became "interested," (2) the "interested" stockholder must own at least 85% of our outstanding voting stock at the time the transaction commences (excluding voting stock owned by directors who are also officers and certain employee stock plans) or (3) the business combination must be approved by our board of directors and authorized by at least two-thirds of our stockholders (excluding the "interested" stockholder). This provision could have the effect of delaying or preventing a change of control, whether or not it is desired by or beneficial to our stockholders. Any delay or prevention of a change of control transaction or changes in our board of directors and management could deter potential acquirers or prevent the completion of a transaction in which our stockholders could receive a substantial premium over the then-current market price for their shares of our common stock.

CORPORATE OPPORTUNITY

Delaware law permits corporations to adopt provisions renouncing any interest or expectancy in certain opportunities that are presented to the corporation or its officers, directors or stockholders. Our charter provides that, to the fullest extent permitted by law, none of Jeff Edwards or Littlejohn or his or its affiliates has any duty to refrain from (i) engaging in a corporate opportunity in the same or similar business activities or lines of business in which we or our affiliates now engage or propose to engage or (ii) otherwise competing with us or our affiliates. In addition, to the fullest extent permitted by law, in the event that Jeff Edwards or Littlejohn acquires knowledge of a potential transaction or other business opportunity that may be a corporate opportunity for itself or himself or its or his affiliates or for us or our affiliates, such person has no duty to communicate or offer such transaction or business opportunity to us or any of our affiliates and they may take any such opportunity for themselves or offer it to another person or entity. Our charter does not renounce our interest in any business opportunity that is expressly offered to a non-employee director solely in his or her capacity as a director or officer of IBP.

LIMITATIONS ON LIABILITY, INDEMNIFICATION OF OFFICERS AND DIRECTORS AND INSURANCE

Our charter and amended and restated bylaws, which will become effective immediately prior to the completion of this offering, contain provisions that limit the liability of our directors for monetary damages to the fullest extent permitted by Delaware law. For a discussion concerning limitations of liability and indemnification applicable to our directors and officers, see “Management—Limitations on Liability, Indemnification of Officers and Directors and Insurance.”

NEW YORK STOCK EXCHANGE LISTING

We have applied to list our common stock on the NYSE under the symbol “IBP.”

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the shares of our common stock will be American Stock Transfer & Trust Company, LLC.

Shares Eligible for Future Sale

Prior to this offering, there has been no public market for our common stock and a liquid trading market for our common stock may not develop or be sustained after this offering. Future sales of our common stock, including shares issued upon the exercise of outstanding options in the public market after this offering, or the perception that those sales may occur, could cause the prevailing market price for our common stock to fall or impair our ability to raise equity capital in the future. As described below, only those shares sold in this offering will be available for sale in the public market for a period of several months after completion of this offering due to contractual and legal restrictions on resale described below. Future sales of our common stock in the public market either before (to the extent permitted) or after restrictions lapse, or the perception that those sales may occur, could adversely affect the prevailing market price of our common stock at such time and our ability to raise equity capital at a time and price we deem appropriate. Although we have applied to have our common stock approved for listing on the NYSE under the symbol “IBP,” we cannot assure you that there will be an active public market for our common stock.

SALE OF RESTRICTED SHARES

Based on the number of shares of our common stock outstanding as of January 1, 2014, upon the completion of this offering and assuming no exercise of the underwriters’ option to purchase additional shares of common stock, we will have outstanding an aggregate of approximately 28.8 million shares of common stock. Of these shares, all of the shares of common stock to be sold in this offering, and any shares sold upon exercise of the underwriters’ option to purchase additional shares, will be freely tradable in the public market without restriction or further registration under the Securities Act, unless the shares are held by any of our “affiliates” as such term is defined in Rule 144 of the Securities Act. One of our director nominees, who will be an independent director, has indicated interest in purchasing shares of common stock in this offering. We do not know if such director will ultimately purchase any shares. All remaining shares of common stock held by existing stockholders immediately prior to the completion of this offering will be “restricted securities” as such term is defined in Rule 144. These restricted securities were issued and sold by us in private transactions and are eligible for public sale only if registered under the Securities Act or if they qualify for an exemption from registration under the Securities Act, including the exemption provided by Rule 144, which is summarized below. As a result of the contractual 180-day lock-up period described below and the provisions of Rule 144 and 701 of the Securities Act, the restricted securities will be available for sale in the public markets as follows:

<u>Date Available for Sale</u>	<u>Shares Eligible for Sale</u>	<u>Description</u>
Date of Prospectus	9,128,988	Shares sold in the offering and shares saleable under Rule 144 that are not subject to a lock-up
180 Days after Date of Prospectus	28,783,901	Lock-up released; shares saleable under Rule 144

RULE 144

In general, under Rule 144, as currently in effect, once we have been subject to the public company reporting requirements of the Exchange Act, for at least 90 days, a person (or persons whose shares are required to be aggregated) who is not deemed to have been one of our “affiliates” for purposes of Rule 144 at any time during the three months preceding a sale, and who has beneficially owned restricted securities within the meaning of Rule 144 for at least six months, including the holding period of any prior owner other than one of our “affiliates,” is entitled to sell those shares in the public market (subject to the lock-up agreement referred to below, if applicable) without complying with the manner of sale, volume limitations or notice provisions of Rule 144, but subject to compliance with the public information requirements of Rule 144. If such a person has beneficially owned the shares proposed to be sold for at least one year, including the holding period of any prior owner other than “affiliates,” then such person is entitled to sell such shares in the public market without complying with any of the requirements of Rule 144 (subject to the lock-up agreement referred to above, if applicable). In general, under Rule 144, as currently in effect, once we have been subject to the public company reporting requirements of the Exchange Act for at least 90 days, our “affiliates,” as defined in Rule 144, who

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have beneficially owned the shares proposed to be sold for at least six months, including the holding period of any prior owner other than one of our “affiliates,” are entitled to sell in the public market, upon expiration of any applicable lock-up agreements and within any three-month period, a number of those shares of our common stock that does not exceed the greater of:

- 1% of the number of common shares then outstanding, which will equal approximately 287,839 shares of common stock immediately after this offering (calculated on the basis of the assumptions described above and assuming no exercise of the underwriters’ option to purchase additional shares and no exercise of outstanding options or warrants); or
- the average weekly trading volume of our common stock on the NYSE during the four calendar weeks preceding the filing of a notice on Form 144 with respect to such sale.

Such sales under Rule 144 by our “affiliates” or persons selling shares on behalf of our “affiliates” are also subject to certain manner of sale provisions, notice requirements and to the availability of current public information about us. Notwithstanding the availability of Rule 144, the holders of all of our restricted securities have entered into lock-up agreements as referenced above and their restricted securities will become eligible for sale (subject to the above limitations under Rule 144) upon the expiration of the restrictions set forth in those agreements.

EQUITY INCENTIVE PLANS

Our board of directors and stockholders previously adopted an equity incentive plan. In connection with this offering, our board of directors and stockholders intend to adopt the 2014 Plan, which will replace the existing equity incentive plan. There are currently no outstanding options under the existing equity incentive plan. For a description of our 2014 Plan and the number of shares reserved for issuance, see “Executive Compensation—2014 Omnibus Incentive Plan.”

In connection with this offering, we intend to file a registration statement on Form S-8 under the Securities Act to register the total number of shares of our common stock that may be issued under our 2014 Plan. That registration statement will become effective upon filing, and any shares of our common stock covered by such registration statement will be eligible for sale in the public market beginning immediately after the effective date of such registration statement, subject to Rule 144 volume limitations applicable to affiliates, vesting restrictions and the lock-up agreements described below.

REGISTRATION RIGHTS

Certain of our current holders of shares of our common stock outstanding prior to this offering will, after the expiration of the lock-up period, be entitled to certain rights with respect to the registration of the offer and sale of those shares under the Securities Act. For a description of these registration rights, please see the section titled “Certain Relationships and Related-Party Transactions—Registration Rights.” If the offer and sale of these shares are registered, they will be freely tradable without restriction under the Securities Act.

LOCK-UP AGREEMENTS

In connection with this offering, we, our executive officers, directors, and holders of substantially all of our common stock have agreed not to sell any shares of our common stock for a period of 180 days from the date of this prospectus, subject to certain exceptions. We refer you to “Underwriting—No Sales of Similar Securities.”

Material U.S. Federal Income Tax Consequences to Non-U.S. Holders

The following discussion is a summary of the material U.S. federal income tax consequences to non-U.S. holders (as defined below) of the purchase, ownership and disposition of our common stock issued pursuant to this offering, but does not purport to be a complete analysis of all potential tax effects. The effects of other U.S. federal tax laws, such as estate and gift tax laws, and any applicable state, local or foreign tax laws are not discussed. This discussion is based on the Internal Revenue Code of 1986, as amended, or the Code, Treasury Regulations promulgated thereunder, judicial decisions and published rulings and administrative pronouncements of the Internal Revenue Service, or the IRS, in effect as of the date of this offering. These authorities may change or be subject to differing interpretations. Any such change may be applied retroactively in a manner that could adversely affect a non-U.S. holder of our common stock. We have not sought and will not seek any rulings from the IRS regarding the matters discussed below. There can be no assurance that the IRS or a court will not take a contrary position regarding the tax consequences of the purchase, ownership and disposition of our common stock.

This discussion is limited to non-U.S. holders that hold our common stock as a “capital asset” within the meaning of Section 1221 of the Code (generally property held for investment). This discussion does not address all U.S. federal income tax consequences relevant to a non-U.S. holder’s particular circumstances, including the impact of the unearned income Medicare contribution tax. In addition, it does not address consequences relevant to non-U.S. holders subject to particular rules, including, without limitation:

- U.S. expatriates and certain former citizens or long-term residents of the United States;
- persons subject to the alternative minimum tax;
- persons holding our common stock as part of a hedge, straddle or other risk reduction strategy or as part of a conversion transaction or other integrated investment;
- banks, insurance companies and other financial institutions;
- real estate investment trusts or regulated investment companies;
- brokers, dealers or traders in securities;
- “controlled foreign corporations,” “passive foreign investment companies” and corporations that accumulate earnings to avoid U.S. federal income tax;
- partnerships or other entities or arrangements treated as partnerships for U.S. federal income tax purposes;
- tax-exempt organizations or governmental organizations;
- persons deemed to sell our common stock under the constructive sale provisions of the Code;
- persons who hold or receive our common stock pursuant to the exercise of any employee stock option or otherwise as compensation; and
- tax-qualified retirement plans.

If a partnership (or other entity or arrangement treated as a partnership for U.S. federal income tax purposes) holds our common stock, the tax treatment of a partner in the partnership will depend on the status of the partner, the activities of the partnership and certain determinations made at the partner level. Accordingly, partnerships holding our common stock and the partners in such partnerships should consult their own tax advisors regarding the U.S. federal income tax consequences to them.

THIS DISCUSSION IS FOR INFORMATION PURPOSES ONLY AND IS NOT INTENDED AS TAX ADVICE. INVESTORS SHOULD CONSULT THEIR OWN TAX ADVISORS WITH RESPECT TO THE APPLICATION OF THE U.S. FEDERAL INCOME TAX LAWS TO THEIR PARTICULAR

SITUATIONS AS WELL AS ANY TAX CONSEQUENCES OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF OUR COMMON STOCK ARISING UNDER THE U.S. FEDERAL ESTATE OR GIFT TAX LAWS OR UNDER THE LAWS OF ANY STATE, LOCAL OR NON-U.S. TAXING JURISDICTION OR UNDER ANY APPLICABLE INCOME TAX TREATY.

Definition of a Non-U.S. Holder

For purposes of this discussion, a “non-U.S. holder” is any beneficial owner of our common stock that is neither a “U.S. person” nor a partnership for U.S. federal income tax purposes. A U.S. person is any of the following:

- an individual who is a citizen or resident of the United States;
- a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) created or organized under the laws of the United States, any state thereof, or the District of Columbia;
- an estate, the income of which is subject to U.S. federal income tax regardless of its source; or
- a trust that (1) is subject to the primary supervision of a U.S. court and the control of one or more U.S. persons (within the meaning of Section 7701(a)(30) of the Code), or (2) has made a valid election under applicable Treasury Regulations to continue to be treated as a U.S. person.

Distributions

As described in the section captioned “Dividend Policy,” we do not anticipate declaring or paying dividends to holders of our common stock in the foreseeable future.

If we do, however, make distributions on our common stock, such distributions of cash or property on our common stock will constitute dividends for U.S. federal income tax purposes to the extent paid from our current or accumulated earnings and profits, as determined under U.S. federal income tax principles.

Subject to the discussion below regarding backup withholding and payments made to certain foreign accounts, dividends paid to a non-U.S. holder of our common stock that are not effectively connected with the non-U.S. holder’s conduct of a trade or business within the United States will be subject to U.S. federal withholding tax at a rate of 30% of the gross amount of the dividends (or such lower rate as may be specified by an applicable income tax treaty).

Amounts not treated as dividends for U.S. federal income tax purposes will constitute a return of capital and first be applied against and reduce a non-U.S. holder’s adjusted tax basis in its common stock, but not below zero. Any excess will be treated as capital gain and will be treated as described below in the section relating to the sale or other taxable disposition of the common stock.

Non-U.S. holders will be entitled to a reduction in or an exemption from withholding on dividends as a result of either (a) qualifying for the benefits of an applicable income tax treaty or (b) the non-U.S. holder holding our common stock in connection with the conduct of a trade or business within the United States and dividends being paid in connection with that trade or business. To claim such a reduction in or exemption from withholding, the non-U.S. holder must provide the applicable withholding agent with a properly executed (a) IRS Form W-8BEN claiming an exemption from or reduction of the withholding tax under the benefit of an applicable income tax treaty, (b) IRS Form W-8ECI stating that the dividends are effectively connected with the conduct by the non-U.S. holder of a trade or business within the United States or (c) a suitable substitute form, as may be applicable. These certifications must be provided to the applicable withholding agent prior to the payment of dividends and must be updated periodically. Non-U.S. holders that do not timely provide the applicable withholding agent with the required certification, but that qualify for a reduced rate under an applicable income tax treaty, may obtain a refund of any excess amounts withheld by timely filing an appropriate claim for refund with the IRS.

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Subject to the discussion below regarding backup withholding and payments made to certain foreign accounts, if dividends paid to a non-U.S. holder are effectively connected with the non-U.S. holder's conduct of a trade or business within the United States (and, if required by an applicable income tax treaty, the non-U.S. holder maintains a permanent establishment in the United States to which such dividends are attributable), then, although exempt from U.S. federal withholding tax (provided the non-U.S. holder provides appropriate certification, as described above), the non-U.S. holder will be subject to U.S. federal income tax on such dividends on a net income basis at the regular graduated U.S. federal income tax rates. In addition, a non-U.S. holder that is or is treated as a corporation for U.S. federal income tax purposes may be subject to an additional branch profits tax at a rate of 30% (or such lower rate specified by an applicable income tax treaty) on its effectively connected earnings and profits for the taxable year that are attributable to such dividends, as adjusted for certain items. Non-U.S. holders should consult their own tax advisors regarding their entitlement to benefits under any applicable income tax treaty.

Sale or Other Taxable Disposition

Subject to the discussion below regarding backup withholding and payments made to certain foreign accounts, a non-U.S. holder will not be subject to U.S. federal income tax on any gain realized upon the sale or other taxable disposition of our common stock unless:

- the gain is effectively connected with the non-U.S. holder's conduct of a trade or business within the United States (and, if required by an applicable income tax treaty, the non-U.S. holder maintains a permanent establishment in the United States to which such gain is attributable);
- the non-U.S. holder is a nonresident alien individual present in the United States for 183 days or more during the taxable year of the disposition and certain other requirements are met; or
- our common stock constitutes a U.S. real property interest within the meaning of the Foreign Investment in Real Property Tax Act by reason of our status as a U.S. real property holding corporation, or a USRPHC, for U.S. federal income tax purposes.

Gain described in the first bullet point above will generally be subject to U.S. federal income tax on a net income basis at the regular graduated U.S. federal income tax rates. A non-U.S. holder that is a foreign corporation also may be subject to an additional branch profits tax at a rate of 30% (or such lower rate specified by an applicable income tax treaty) on a portion of its effectively connected earnings and profits for the taxable year, as adjusted for certain items.

A non-U.S. holder described in the second bullet point above will be subject to U.S. federal income tax at a rate of 30% (or such lower rate as may be specified by an applicable income tax treaty) on any gain derived from the sale or other taxable disposition, which may be offset by certain U.S. source capital losses of the non-U.S. holder (even though the individual is not considered a resident of the United States) provided the non-U.S. holder timely files U.S. federal income tax returns with respect to such losses.

With respect to the third bullet point above, we are not, and do not anticipate that we will become, a USRPHC.

Non-U.S. holders should consult their own tax advisors regarding potentially applicable income tax treaties that may provide for different rules.

Information Reporting and Backup Withholding

Subject to the discussion below regarding payments made to certain foreign accounts, a non-U.S. holder generally will not be subject to backup withholding with respect to payments of dividends on our common stock we make to the non-U.S. holder, provided the applicable withholding agent does not have actual knowledge or reason to know such holder is a U.S. person and the holder certifies its non-U.S. status by providing a valid IRS

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Form W-8BEN or W-8ECI, or other applicable certification, or otherwise establishes an exception. However, information returns will be filed with the IRS in connection with any dividends on our common stock paid to the non-U.S. holder, regardless of whether any tax was actually withheld. Copies of these information returns may also be made available under the provisions of a specific treaty or agreement to the tax authorities of the country in which the non-U.S. holder resides or is established.

Information reporting and backup withholding may apply to the proceeds of a sale of our common stock within the United States, and information reporting may (although backup withholding will generally not) apply to the proceeds of a sale of our common stock outside the United States conducted through certain U.S.-related financial intermediaries, in each case, unless the beneficial owner certifies under penalty of perjury that it is a non-U.S. person on IRS Form W-8BEN or other applicable form (and the payor does not have actual knowledge or reason to know that the beneficial owner is a U.S. person) or otherwise establishes an exemption.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against a non-U.S. holder's U.S. federal income tax liability, provided the required information is timely furnished to the IRS.

Additional Withholding Tax on Payments Made to Foreign Accounts

Withholding taxes may be imposed under the provisions of the law generally known as the Foreign Account Tax Compliance Act, or FATCA, on certain types of payments made to non-U.S. financial institutions and certain other non-U.S. entities. Specifically, a 30% withholding tax may be imposed on dividends on, or gross proceeds from the sale or other disposition of, our common stock paid to a "foreign financial institution" or a "non-financial foreign entity" (each as defined in the Code), unless (1) the foreign financial institution undertakes certain diligence and reporting obligations, (2) the non-financial foreign entity either certifies it does not have any "substantial U.S. owners" (as defined in the Code) or furnishes identifying information regarding each substantial U.S. owner or (3) the foreign financial institution or non-financial foreign entity otherwise qualifies for an exemption from these rules. If the payee is a foreign financial institution and is subject to the diligence and reporting requirements in (1) above, it must enter into an agreement with the U.S. Department of the Treasury requiring, among other things, that it undertake to identify accounts held by certain "specified U.S. persons" or "U.S.-owned foreign entities" (each as defined in the Code), annually report certain information about such accounts and withhold 30% on payments to non-compliant foreign financial institutions and certain other account holders. An intergovernmental agreement between the United States and an applicable foreign country, or future Treasury Regulations or other guidance, may modify these requirements. Accordingly, the entity through which our common stock is held will affect the determination of whether such withholding is required.

Under the applicable Treasury Regulations and recent guidance from the IRS, withholding under FATCA will generally apply to payments of dividends on our common stock made on or after July 1, 2014 and to payments of gross proceeds from the sale or other disposition of such stock on or after January 1, 2017. The FATCA withholding tax will apply to all withholdable payments without regard to whether the beneficial owner of the payment would otherwise be entitled to an exemption from imposition of withholding tax pursuant to an applicable tax treaty with the United States or U.S. domestic law. We will not pay additional amounts to holders of our common stock in respect of any amounts withheld.

Prospective investors should consult their own tax advisors regarding the potential application of withholding under FATCA to their investment in our common stock.

Underwriting

We and the selling stockholder are offering the shares of our common stock described in this prospectus through the underwriters named below. Deutsche Bank Securities Inc. and UBS Securities LLC are acting as joint book-running managers of this offering and as representatives of the underwriters. We and the selling stockholder have entered into an underwriting agreement with the representatives. Subject to the terms and condition of the underwriting agreement, each of the underwriters has severally agreed to purchase, and we and the selling stockholder have agreed to sell to the underwriters, the number of shares of common stock listed next to its name in the following table.

<u>Underwriter</u>	<u>Number of Shares</u>
Deutsche Bank Securities Inc.	
UBS Securities LLC	
Zelman Partners LLC	
BB&T Capital Markets, a division of BB&T Securities, LLC	
KeyBanc Capital Markets Inc.	
SunTrust Robinson Humphrey, Inc.	
Total	

The underwriting agreement provides that the underwriters must buy all of the shares of common stock if they buy any of them. However, the underwriters are not required to pay for the shares covered by the underwriters' option to purchase additional shares as described below.

Our common stock is offered subject to a number of conditions, including:

- receipt and acceptance of our common stock by the underwriters; and
- the underwriters' right to reject orders in whole or in part.

We have been advised by the representatives that the underwriters intend to make a market in our common stock but that they are not obligated to do so and may discontinue making a market at any time without notice.

In connection with this offering, certain of the underwriters or securities dealers may distribute prospectuses electronically.

OPTION TO PURCHASE ADDITIONAL SHARES

We have granted the underwriters an option to buy up to an aggregate of 1,350,000 additional shares of our common stock. The underwriters have 30 days from the date of this prospectus to exercise this option. If the underwriters exercise this option, they will each purchase additional shares of common stock approximately in proportion to the amounts specified in the table above.

DISCOUNTS

Shares sold by the underwriters to the public will initially be offered at the initial offering price set forth on the cover of this prospectus. Any shares sold by the underwriters to securities dealers may be sold at a discount of up to \$ _____ per share from the initial public offering price. Sales of shares made outside of the United States may be made by affiliates of the underwriters. If all the shares are not sold at the initial public offering price, the representatives may change the offering price and the other selling terms. Upon execution of the underwriting agreement, the underwriters will be obligated to purchase the shares at the prices and upon the terms stated therein. The representatives of the underwriters have informed us that they do not expect to sell more than an aggregate of five percent of the total number of shares of common stock offered by them to accounts over which such representatives exercise discretionary authority.

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The following table shows the per share and total underwriting discounts we and the selling stockholder will pay to the underwriters assuming both no exercise and full exercise of the underwriters' option to purchase up to additional shares.

	Paid by us		Paid by the Selling Stockholder	
	No Exercise	Full Exercise	No Exercise	Full Exercise
Per share (1)	\$	\$	\$	\$
Total	\$	\$	\$	\$

(1) Includes \$ per share to be paid to our financial advisor, Moelis & Company LLC. See “—Financial Advisor.”

We estimate that the total expenses of the offering payable by us, including the expenses of the selling stockholder but not including the underwriting discounts, will be approximately \$7.1 million, which includes an amount not to exceed \$ that we have agreed to reimburse the underwriters for certain expenses (including fees of counsel for FINRA-related matters) incurred by them in connection with this offering.

NO SALES OF SIMILAR SECURITIES

We, our executive officers and directors, and holders of substantially all of our common stock have entered into lock-up agreements with the underwriters. Under the lock-up agreements, subject to certain exceptions, we and each of these persons may not, without the prior written approval of Deutsche Bank Securities and UBS Securities LLC, offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, or hedge our common stock or securities convertible into or exchangeable or exercisable for our common stock. These restrictions will be in effect for a period of 180 days after the date of this prospectus. Deutsche Bank Securities and UBS Securities LLC may, at any time and in their sole discretion, release some or all the securities from these lock-up agreements. If the restrictions under the lock-up agreements are waived, shares of our common stock may become available for resale into the market, subject to applicable law, which could reduce the market price of our common stock.

INDEMNIFICATION

We have agreed to indemnify the several underwriters and the selling stockholder against certain liabilities, including certain liabilities under the Securities Act. If we are unable to provide this indemnification, we and the selling stockholder have agreed to contribute to payments the underwriters may be required to make in respect of those liabilities.

NEW YORK STOCK EXCHANGE QUOTATION

We have applied to list our common stock on the NYSE under the symbol “IBP.”

PRICE STABILIZATION, SHORT POSITIONS

In connection with this offering, the underwriters may engage in activities that stabilize, maintain or otherwise affect the price of our common stock during and after this offering, including:

- stabilizing transactions;
- short sales;
- purchases to cover positions created by short sales;
- imposition of penalty bids; and
- syndicate covering transactions.

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Stabilizing transactions consist of bids or purchases made for the purpose of preventing or retarding a decline in the market price of our common stock while this offering is in progress. Stabilization transactions permit bids to purchase the underlying security so long as the stabilizing bids do not exceed a specified maximum. These transactions may also include making short sales of our common stock, which involve the sale by the underwriters of a greater number of shares of common stock than they are required to purchase in this offering and purchasing shares of common stock on the open market to cover short positions created by short sales. Short sales may be “covered short sales,” which are short positions in an amount not greater than the underwriters’ option to purchase additional shares referred to above, or may be “naked short sales,” which are short positions in excess of that amount.

The underwriters may close out any covered short position by either exercising their option, in whole or in part, or by purchasing shares in the open market. In making this determination, the underwriters will consider, among other things, the price of shares available for purchase in the open market as compared to the price at which they may purchase shares through the underwriters’ option.

Naked short sales are short sales made in excess of the underwriters’ option. The underwriters must close out any naked short position by purchasing shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the common stock in the open market that could adversely affect investors who purchased in this offering.

The underwriters also may impose a penalty bid. This occurs when a particular underwriter repays to the underwriters a portion of the underwriting discount received by it because the representatives have repurchased shares sold by or for the account of that underwriter in stabilizing or short covering transactions.

These stabilizing transactions, short sales, purchases to cover positions created by short sales, the imposition of penalty bids and syndicate covering transactions may have the effect of raising or maintaining the market price of our common stock or preventing or retarding a decline in the market price of our common stock. As a result of these activities, the price of our common stock may be higher than the price that otherwise might exist in the open market. The underwriters may carry out these transactions on the NYSE, in the over-the-counter market or otherwise. Neither we nor the underwriters make any representation or prediction as to the effect that the transactions described above may have on the price of the shares. Neither we, nor any of the underwriters make any representation that the underwriters will engage in these stabilization transactions or that any transaction, once commenced, will not be discontinued without notice.

DETERMINATION OF OFFERING PRICE

Prior to this offering, there was no public market for our common stock. The initial public offering price will be determined by negotiation among us, the selling stockholder and the representatives of the underwriters. The principal factors to be considered in determining the initial public offering price include:

- the information set forth in this prospectus and otherwise available to the representatives;
- our history and prospects and the history and prospects for the industry in which we compete;
- our past and present financial performance;
- an assessment of our management;
- our prospects for future earnings and the present state of our development;
- the general condition of the securities market at the time of this offering;
- the recent market prices of, and demand for, publicly traded common stock of generally comparable companies; and
- other factors deemed relevant by the underwriters and us.

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The estimated public offering price range set forth on the cover page of this preliminary prospectus is subject to change as a result of market conditions and other factors. Neither we nor the underwriters can assure investors that an active trading market will develop for our common stock or that the common stock will trade in the public market at or above the initial public offering price.

AFFILIATIONS

The underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities. The underwriters and their affiliates may from time to time in the future engage with us or the selling stockholder and perform services for us or the selling stockholder in the ordinary course of their business for which they will receive customary fees and expenses. In the ordinary course of their various business activities, the underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers, and such investment and securities activities may involve securities and/or instruments of us or the selling stockholder. The underwriters and their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of these securities or instruments and may at any time hold, or recommend to clients that they acquire, long and/or short positions in these securities and instruments.

FINANCIAL ADVISOR

We have retained Moelis & Company LLC, or Moelis, to act as our independent financial advisor in connection with this offering. Moelis is engaged to represent our interests only, is independent of the underwriters and is not a party to any securities purchase agreement with us, the underwriters or investors in relation to this offering.

Moelis is not acting as an underwriter and will not sell or offer to sell any securities in this offering, nor will it identify or solicit potential investors in this offering. We will pay Moelis a financial advisory fee equal to \$ (and if the underwriters' option to purchase additional shares is exercised in full, an additional \$), which includes financial advisory fees attributable to shares of common stock sold by the selling stockholder. In addition, Moelis will be paid \$, or \$ per share of the underwriting discount (and if the underwriters' option to purchase additional shares is exercised in full, an additional \$, or \$ per share of the underwriting discount) on shares of common stock sold by us and the selling stockholder. We have agreed to reimburse Moelis an amount not to exceed \$25,000 for its reasonable out-of-pocket expenses incurred in entering into and performing its services, including the costs of its legal counsel, and we shall indemnify Moelis for matters relating to this offering.

ELECTRONIC DISTRIBUTION

A prospectus in electronic format may be made available on the Internet sites or through other online services maintained by one or more of the underwriters participating in this offering, or by their affiliates. In those cases, prospective investors may view offering terms online and, depending upon the particular underwriter, prospective investors may be allowed to place orders online. The underwriters may agree with us to allocate a specific number of shares for sale to online brokerage account holders. Any such allocation for online distributions will be made by the underwriters on the same basis as other allocations. Other than the prospectus in electronic format, the information on any underwriter's website and any information contained in any other website maintained by an underwriter is not part of the prospectus or the registration statement of which this prospectus forms a part, has not been approved and/or endorsed by us or any underwriter in its capacity as underwriter and should not be relied upon by investors.

NOTICE TO PROSPECTIVE INVESTORS IN EUROPEAN ECONOMIC AREA

In relation to each Member State of the European Economic Area that has implemented the Prospectus Directive (each, a “Relevant Member State”), an offer to the public of any shares that are the subject of the offering contemplated by this prospectus (the “Shares”) may not be made in that Relevant Member State except that an offer to the public in that Relevant Member State of any Shares may be made at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

(a) to any legal entity that is a qualified investor as defined under the Prospectus Directive;

(b) by the underwriters to fewer than 100, or, if the Relevant Member State has implemented the relevant provisions of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the lead underwriters for any such offer; or

(c) in any other circumstances falling within Article 3(2) of the Prospectus Directive;

provided that no such offer of Shares shall result in a requirement for us or any underwriter to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an “offer to the public” in relation to any Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any Shares to be offered so as to enable an investor to decide to purchase any Shares, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State. The expression “Prospectus Directive” means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in each Relevant Member State and the expression “2010 PD Amending Directive” means Directive 2010/73/EU.

The EEA selling restriction is in addition to any other selling restrictions set out in this prospectus.

NOTICE TO PROSPECTIVE INVESTORS IN UNITED KINGDOM

This prospectus is only being distributed to and is only directed at: (1) persons who are outside the United Kingdom; (2) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, or the Order; or (3) high net worth companies, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons falling within (1)-(3) together being referred to as “relevant persons”). The shares are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such shares will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this prospectus or any of its contents.

NOTICE TO PROSPECTIVE INVESTORS IN SWITZERLAND

The prospectus does not constitute an issue prospectus pursuant to Article 652a or Article 1156 of the Swiss Code of Obligations, or the CO, and the shares will not be listed on the SIX Swiss Exchange. Therefore, the prospectus may not comply with the disclosure standards of the CO and/or the listing rules (including any prospectus schemes) of the SIX Swiss Exchange. Accordingly, the shares may not be offered to the public in or from Switzerland, but only to a selected and limited circle of investors, which do not subscribe to the shares with a view to distribution.

Legal Matters

Certain legal matters, including validity of the shares of common stock offered herein, will be passed upon by Proskauer Rose LLP, New York, New York and certain legal matters will be passed upon for the underwriters by Skadden, Arps, Slate, Meagher & Flom LLP, New York, New York.

Experts

The consolidated financial statements as of December 31, 2012 and June 30, 2013 and for the twelve-month and six-month periods ended December 31, 2012 and June 30, 2013, respectively, as included in this prospectus have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report appearing herein. Such consolidated financial statements have been so included on reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

The consolidated financial statements as of December 31, 2011 and for the year then ended included in this prospectus have been so included in reliance on the report of Crowe Horwath LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

Where You Can Find More Information

We have filed with the SEC a registration statement on Form S-1 under the Securities Act with respect to the shares of our common stock being offered by this prospectus. This prospectus, which constitutes part of that registration statement, does not contain all of the information set forth in the registration statement or the exhibits and schedules that are part of the registration statement. Some items included in the registration statement are omitted from the prospectus in accordance with the rules and regulations of the SEC. For further information with respect to us and the common stock offered in this prospectus, we refer you to the registration statement and the accompanying exhibits and schedules filed therewith. Statements contained in this prospectus regarding the contents of any contract or any other document that is filed as an exhibit to the registration statement are not necessarily complete, and each such statement is qualified in all respects by reference to the full text of such contract or other document filed as an exhibit to the registration statement.

A copy of the registration statement and the accompanying exhibits and any other document we file may be inspected without charge at the public reference facilities maintained by the SEC at 100 F Street, N.E., Washington, D.C. 20549 and copies of all or any part of the registration statement may be obtained from this office upon the payment of the fees prescribed by the SEC. The public may obtain information on the operation of the public reference facilities in Washington, D.C. by calling the SEC at 1-800-SEC-0330. Our filings with the SEC are available to the public from the SEC's website at www.sec.gov.

Upon the completion of this offering, we will be subject to the information and periodic reporting requirements of the Exchange Act and, in accordance therewith, we will file proxy statements, periodic information and other information with the SEC. All documents filed with the SEC are available for inspection and copying at the public reference room and website of the SEC referred to above. We maintain a website at www.installdbuildingproducts.com. You may access our reports, proxy statements and other information free of charge at this website as soon as reasonably practicable after such material is electronically filed with, or furnished to, the SEC. The information contained in, or that can be accessed through, our websites is not incorporated by reference into this prospectus or registration statement of which this prospectus forms a part, and you should not rely on any such information in making your decision whether to purchase our securities.

**INSTALLED BUILDING PRODUCTS, INC.
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The accompanying consolidated financial statements give effect to the common and preferred share authorization and 19.5 -for- 1 split of the common stock of Installed Building Products, Inc., which will take place prior to the effective date of the Registration Statement. The following report is in the form which will be furnished by Crowe Horwath LLP, an independent registered public accounting firm, upon completion of the 19.5 -for- 1 split of the common stock of Installed Building Products, Inc. described in the last paragraph of Note 15 to the consolidated financial statements and assuming that from December 9, 2013 to the date of such completion no other material events have occurred that would affect the accompanying consolidated financial statements or disclosures therein except as described in Note 15.

/s/ Crowe Horwath LLP

Columbus, Ohio
January 31, 2014

Report of Independent Registered Public Accounting Firm

Board of Directors
Installed Building Products, Inc.
Columbus, Ohio

We have audited the accompanying consolidated balance sheet of Installed Building Products, Inc. as of December 31, 2011, and the related consolidated statements of operations, stockholders' equity and redeemable instruments, and cash flows for the year then ended. 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 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 the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. 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 audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2011, and the results of its operations and its cash flows for the year then ended, in conformity with U.S. generally accepted accounting principles.

Columbus, Ohio
December 9, 2013, (except for the effect of the common and preferred share authorization and common stock split discussed in Note 15, as to which the date is February , 2014)

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The accompanying financial statements give effect to a 19.5 -for- 1 split of the common stock of Installed Building Products, Inc., which will take place prior to the effective date of the registration statement. The following report is in the form which will be furnished by Deloitte & Touche LLP, an independent registered public accounting firm, upon completion of the 19.5 -for- 1 split of the common stock of Installed Building Products, Inc. described in the last paragraph of Note 15 to the financial statements and assuming that from June 30, 2013 to the date of such completion no other material events have occurred that would affect the accompanying financial statements or disclosures therein except as described in Note 15.

/s/ Deloitte & Touche LLP

Columbus, Ohio
January 31, 2014

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors of Installed Building Products, Inc.:

We have audited the accompanying consolidated balance sheets of Installed Building Products, Inc. and subsidiaries (formerly known as CCIB Holdco, Inc.) (the "Company") as of June 30, 2013 and December 31, 2012 and the related consolidated statements of operations, stockholders' equity and redeemable instruments and cash flows for the six month period ended June 30, 2013 and the year ended December 31, 2012. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of the Company and subsidiaries as of June 30, 2013 and December 31, 2012, and the results of their operations and their cash flows for the six month period ended June 30, 2013 and the year ended December 31, 2012, in conformity with accounting principles generally accepted in the United States of America.

Columbus, OH
December 9, 2013
(February , 2014 as to the effect of the common and preferred share authorization and common stock split discussed in Note 15)

INSTALLED BUILDING PRODUCTS, INC.
 CONSOLIDATED BALANCE SHEETS
 (in thousands, except for par value and share amounts)

	As of December 31,	
	2011	2012
ASSETS		
Current assets		
Cash	\$ 2,528	\$ 3,898
Restricted cash	1,803	1,803
Accounts receivable (less allowance for doubtful accounts of \$1,571 and \$1,412 as of December 31, 2011 and 2012, respectively)	34,360	46,100
Accounts receivable, related parties	655	774
Inventories	12,325	16,718
Deferred income taxes	392	726
Prepaid expenses, related parties	950	396
Other current assets	3,541	5,353
Total current assets	56,554	75,768
Property and equipment, net	8,198	17,931
Other non-current assets		
Goodwill	48,312	49,146
Intangibles, net	12,711	15,023
Other non-current assets	1,751	2,884
Total non-current assets	62,774	67,053
Total assets	<u>\$127,526</u>	<u>\$160,752</u>
LIABILITIES, REDEEMABLE INSTRUMENTS AND STOCKHOLDERS' EQUITY		
Current liabilities		
Current maturities of long-term debt	\$ 9	\$ 186
Current maturities of capital lease obligations	1,839	3,822
Accounts payable	26,843	34,330
Accounts payable, related parties	—	2,133
Income taxes payable	223	2,562
Accrued compensation	7,138	7,562
Other current liabilities	2,065	2,202
Total current liabilities	38,117	52,797
Long-term debt	16,784	17,705
Capital lease obligations, less current maturities	2,623	8,362
Put option – Series A Preferred Stock	925	782
Deferred income taxes	11,147	12,101
Other long-term liabilities	7,903	9,626
Total liabilities	77,499	101,373
Commitments and contingencies (Note 11)		
Series A Preferred Stock; \$0.01 par value: 1,000 authorized, issued and outstanding as of December 31, 2011 and 2012, respectively (Note 15)	44,086	49,615
Redeemable Common Stock; \$0.01 par value: 5,850,000 authorized, issued and outstanding as of December 31, 2011 and 2012, respectively (Note 15)	15,501	17,246
Stockholders' equity		
Common Stock; \$ 0.01 par value: 13,650,000 and 27,200,862 authorized, and 13,649,993 and 16,183,901 shares issued and outstanding as of December 31, 2011 and 2012, respectively (Note 15)	137	162
Additional paid in capital	—	3,959
Accumulated deficit	(9,697)	(11,603)
Total stockholders' equity	(9,560)	(7,482)
Total liabilities, redeemable instruments and stockholders' equity	<u>\$127,526</u>	<u>\$160,752</u>

See accompanying notes to consolidated financial statements.

INSTALLED BUILDING PRODUCTS, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except share and per share amounts)

	Years ended December 31,	
	2011	2012
Net revenue	\$ 238,447	\$ 301,253
Cost of sales	181,221	227,210
Gross profit	57,226	74,043
Operating expenses		
Selling	18,446	19,807
Administrative	45,678	56,333
Management fees, related parties	4,760	4,300
Gain on litigation settlement	—	(6,975)
Amortization	3,785	3,082
Impairment of intangibles	1,687	352
Other	—	(960)
Operating loss	(17,130)	(1,896)
Other expense (income)		
Interest expense	3,673	1,979
Interest expense, related parties	3,321	—
Gain on extinguishment of debt	(18,542)	—
Other	159	(136)
Loss before income taxes	(5,741)	(3,739)
Income tax provision	1,449	555
Net loss from continuing operations	(7,190)	(4,294)
Discontinued operations		
Loss (income) from discontinued operations	2,455	(3,835)
Income tax provision (benefit)	(660)	1,447
Loss (income) from discontinued operations, net of income taxes	1,795	(2,388)
Net loss	\$ (8,985)	\$ (1,906)
Accretion charges on Series A Preferred Stock	(811)	(5,529)
Accretion charges on Pre-Recapitalization Preferred Units	(1,621)	—
Gain on extinguishment of Pre-Recapitalization Preferred Units	85,040	—
Net income (loss) attributable to common stockholders	\$ 73,623	\$ (7,435)
Weighted average shares outstanding (basic and diluted)	19,499,993	20,351,552
Net income (loss) per share (basic and diluted)		
Income (loss) per share from continuing operations attributable to common stockholders (basic and diluted)	\$ 3.87	\$ (0.49)
(Loss) income per share from discontinued operations attributable to common stockholders (basic and diluted)	(0.09)	0.12
Income (loss) per share attributable to common stockholders (basic and diluted)	\$ 3.78	\$ (0.37)

See accompanying notes to consolidated financial statements.

INSTALLED BUILDING PRODUCTS, INC.
 CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY AND REDEEMABLE INSTRUMENTS
 (in thousands, except share amounts)

	Common Stock		Series A-2 Preferred		Common Members' Equity	Additional Paid In Capital	Accumulated Deficit	Members/ Stockholders' Equity	Pre-Recapitalization Redeemable Preferred Units		Post-Recapitalization Redeemable Preferred Stock		Redeemable Common Stock	
	Shares	Amount	Shares	Amount					Shares	Amount	Shares	Amount	Shares	Amount
BALANCE – January 1, 2011	—	\$ —	8,211,865	\$ 8,212	\$(157,272)	\$ 500	\$ —	\$ (148,560)	113,921,591	\$ 110,454	—	\$ —	—	\$ —
Capital contribution from stockholders					12,628			12,628						
Stock-based compensation						780		780						
Conversion upon Recapitalization	13,649,993	137	(8,211,865)	(8,212)	146,265	(26,108)		112,082	(113,921,591)	(112,075)	1,000	43,275	5,850,000	14,900
Forgiveness of related party debt						36,813		36,813						
Deferred tax effects resulting from Recapitalization						(10,573)	(712)	(11,285)						
Net loss							(8,985)	(8,985)						
Accretion of Redeemable Preferred to Redemption Value					(1,621)	(811)		(2,432)		1,621		811		
Adjustments to Redeemable Common Stock fair value measurement						(601)		(601)						601
BALANCE – January 1, 2012	13,649,993	137	—	—	—	—	(9,697)	(9,560)	—	—	1,000	\$ 44,086	5,850,000	\$ 15,501
Issuance of common stock	2,533,908	25				4,075		4,100						
Capital contribution from stockholders						2,500		2,500						
Stock-based compensation						4,658		4,658						
Net loss							(1,906)	(1,906)						
Accretion of Redeemable Preferred to Redemption Value						(5,529)		(5,529)				5,529		
Adjustments to Redeemable Common Stock fair value measurement						(1,745)		(1,745)						1,745
BALANCE – December 31, 2012	<u>16,183,901</u>	<u>\$ 162</u>	<u>—</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 3,959</u>	<u>\$ (11,603)</u>	<u>\$ (7,482)</u>	<u>—</u>	<u>\$ —</u>	<u>1,000</u>	<u>\$ 49,615</u>	<u>5,850,000</u>	<u>\$ 17,246</u>

See accompanying notes to consolidated financial statements.

INSTALLED BUILDING PRODUCTS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Years ended December 31,	
	2011	2012
Cash flows from operating activities		
Net loss	\$ (8,985)	\$ (1,906)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities		
Depreciation and amortization of property and equipment	4,405	4,637
Amortization of intangibles	3,986	3,082
Amortization of deferred financing costs	696	175
Provision for doubtful accounts	2,156	482
Gain on sale of property and equipment	(240)	(1,280)
Noncash stock compensation	780	4,658
Gain on extinguishment of debt	(18,542)	—
Deferred income taxes	(1,536)	(767)
Impairment of intangibles	2,761	352
Other	—	(142)
Changes in assets and liabilities, excluding effects of acquisitions in 2012		
Accounts receivable	(5,457)	(6,858)
Inventories	1,603	(1,845)
Other assets	(379)	(1,948)
Accounts payable	(980)	2,013
Income taxes payable	1,225	2,339
Other liabilities	5,752	1,602
Net cash (used in) provided by operating activities	<u>(12,755)</u>	<u>4,594</u>
Cash flows from investing activities		
Restricted cash	459	—
Purchases of property and equipment	(1,062)	(2,929)
Acquisitions of businesses, net of cash acquired of \$375 in 2012	—	(823)
Proceeds from sale of property and equipment	343	176
Proceeds from insurance	441	833
Net cash provided by (used in) investing activities	<u>181</u>	<u>(2,743)</u>
Cash flows from financing activities		
(Payments) Proceeds from revolving lines of credit, net	(4,472)	486
Proceeds from refinancing revolving line of credit	16,744	—
Principal payments on long-term debt	(9,960)	(511)
Payments on capital lease obligations	(2,181)	(2,956)
Capital contributions	12,628	2,500
Deferred financing activities	(814)	—
Net cash provided by (used in) financing activities	<u>11,945</u>	<u>(481)</u>
Net change in cash	(629)	1,370
Cash at beginning of year	3,157	2,528
Cash at end of year	<u>\$ 2,528</u>	<u>\$ 3,898</u>
Supplemental disclosures of cash flow information		
Net cash paid during the year for:		
Interest	\$ 3,400	\$ 1,893
Income taxes, net of refunds	199	378
Supplemental disclosure of noncash investing and financing activities		
Vehicles capitalized under capital leases and related lease obligations	2,816	11,090
Common stock issued for acquisition of business	—	4,100
Note payable issued in connection with acquisition of business	—	571
Notes payable issued for acquisition of assets	—	115
Recapitalization (see Notes 1, 5 and 10)		

See accompanying notes to consolidated financial statements.

INSTALLED BUILDING PRODUCTS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(in thousands, except share amounts)

NOTE 1 – ORGANIZATION AND RECAPITALIZATION

Installed Building Products, Inc. (“IBP”, formerly CCIB Holdco, Inc.), a Delaware corporation formed on October 28, 2011, and its wholly owned subsidiaries (collectively referred to as the “Company” and “we”, “us” and “our”), primarily install insulation, garage doors, rain gutters, shower doors, closet shelving and mirrors and other products for residential and commercial builders located in the continental United States. IBP operates in over 100 locations within the continental United States and its corporate office is located in Columbus, Ohio.

We have one operating segment and a single reportable segment. Substantially all of our net revenue comes from service-based installation of various products in the new residential, repair and remodel and commercial construction end markets. Each of our branches has the capacity to serve all of our end markets. For the year ended December 31, 2012, 86.2% of our net revenue was attributable to new and existing residential construction, whereas 13.8% was attributable to commercial construction. For the year ended December 31, 2011, 83.6% of our net revenue was attributable to new and existing residential construction, with the remaining 16.4% attributable to commercial construction. The Company has no international sales. All of the Company’s identifiable assets are in the continental United States.

The following is a summary of the annual percentage of installation net revenue by product category:

	Years ended December 31,	
	2011	2012
Insulation	72%	74%
Garage doors	10%	8%
Shower doors, shelving and mirrors	6%	6%
Rain gutters	5%	6%
Other building products	7%	6%
	<u>100%</u>	<u>100%</u>

2011 Recapitalization

Overview of Recapitalization – On November 4, 2011, through a series of transactions, we merged our historical operations of IBP Holdings, LLC (“IBP I”) and IBP Holdings II, LLC (“IBP II”), and their respective operating subsidiaries, into the newly formed holding company, IBP, as part of a merger of entities under common control (the “Merger”). The Merger was accounted for in a manner similar to that of a pooling of interests. The consolidated financials are presented as if the Merger had taken place effective January 1, 2011. Additionally, on November 4, 2011, we entered into a series of transactions with IBP I and IBP II stockholders and debt holders that extinguished the majority of our then-outstanding debt and equity instruments and in exchange IBP issued new debt and equity instruments (collectively with the Merger, referred to as the “Recapitalization”).

Prior to the Recapitalization:

In 2010, related parties IBP Funding Company, LLC and Primstone Funding Company, LLC purchased \$27,778 of outstanding senior secured indebtedness, from certain lenders in IBP I’s credit facility, which was converted into a second lien position (the “IBP I Second Lien Debt”). Also in 2010, a related party, Edwards IBP Holdings, LLC purchased \$8,212 of subordinated debt and equity in IBP I held by a third party, which was converted into preferred equity in IBP I (“Preferred Units”).

INSTALLED BUILDING PRODUCTS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(in thousands, except share amounts)

Through a series of purchases in July 2011, Cetus Capital II, LLC (“Cetus”) purchased the remaining \$77,642 of IBP I’s outstanding first lien senior secured indebtedness (the “IBP I First Lien Debt”). Certain of our owners made a capital contribution to IBP II, which was used by IBP II to repay \$12,010 of outstanding indebtedness under its credit facility (the “IBP II Credit Facility”).

As part of the Recapitalization:

On October 28, 2011, CCIB Holdco, Inc., now known as “IBP”, was formed. IBP then formed four subsidiaries: IBHL A Holding Company, Inc. (“IBHL A”), IBHL B Holding Company, Inc. (“IBHL B”), IBHL II-A Holding Company, Inc. (“IBHL II-A”) and IBHL II-B Holding Company, Inc. (“IBHL II-B”).

On November 3, 2011, the IBP I Second Lien Debt of \$27,778 was cancelled by IBP Funding Company, LLC and Primstone Funding Company, LLC and \$4,308 of interest owed was forgiven, \$3,321 of which related to expense for the year ended December 31, 2011, resulting in a gain from extinguishment of \$32,086 that was recorded to additional paid-in capital, as this was an extinguishment with related parties. Additionally, on November 3, 2011, notes payable of \$3,781 were cancelled and \$946 of interest owed was forgiven, resulting in a gain from extinguishment of \$4,727 that was recorded to additional paid-in capital, as this was an extinguishment with a related party.

On November 4, 2011, Cetus contributed the IBP I First Lien Debt to IBP in exchange for 1,000 shares of IBP Series A preferred stock (“IBP Series A Preferred Stock”) and 5,850,000 shares of redeemable common stock of IBP (“Redeemable Common Stock”). The newly issued shares of Common Stock and IBP Series A Preferred Stock were recorded at their respective fair values of \$14,900 and \$43,275. The difference between the balance of the First Lien debt of \$77,642 (including accrued interest of \$2,380) as of November 3, 2011 and the fair value of Common Stock and IBP Series A Preferred Stock of \$59,100, which includes \$925 attributable to the fair value of the embedded put option which was required to be bifurcated and accounted for separately, was recorded as a gain on extinguishment of debt of \$18,542 in the 2011 Consolidated Statement of Operations, which was equal to approximately \$0.95 in earnings per common share on both a basic and diluted income per share basis.

Additionally, as a part of our Recapitalization, we entered into a stockholders agreement, or the Stockholders Agreement, relating to our common and preferred stock. The Stockholders Agreement provides for certain restrictions on the ability of our stockholders to transfer shares of our equity securities. Certain holders of our equity securities were granted put rights, drag-along rights and pre-emptive rights.

IBP contributed the first lien debt to IBHL A and IBHL B in exchange for stock in those companies. IBHL A and IBHL B then contributed the First Lien Debt to IBP I in exchange for membership interests in IBP I. The existing owners of IBP I and IBP II transferred their membership interests in IBP I and IBP II to IBP Investment Holdings, LLC (“IBPIH”), an IBP shareholder, in exchange, through a series of mergers, for IBP stock. \$25,978 was recorded to additional paid-in capital in the 2011 Consolidated Balance Sheet based on the carrying value of the IBP I and IBP II contributed equity in excess of the fair value of the IBP Common Stock received.

In accordance with authoritative standards, the Company recorded a gain attributable to the common stockholders on the extinguishment of the pre-Recapitalization Preferred units. The gain of \$85,040 represents the excess of the carrying amount of the Series A1, Series A2, and Series B Preferred units immediately prior to the recapitalization over the fair value of the Common Stock issued to those holders in connection with the recapitalization and is recorded as a component of stockholders’ equity.

INSTALLED BUILDING PRODUCTS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(in thousands, except share amounts)

Recapitalization Impact on Stock Based Awards – Additionally, IBP Management Holdings, LLC (“IBPMH”) and IBPIH (holding company investors in IBP) were formed and previous holders of stock appreciation rights units in IBP I agreed to terminate their stock appreciation rights units in exchange for membership interest units in IBPMH and IBPIH for no additional consideration.

On various dates subsequent to the issuing of membership units in IBPMH and IBPIH, agreements (the “Employee Puts”) were entered into between Jeff Edwards (our Chairman, President, Chief Executive Officer and controlling shareholder of IBP through indirect holding companies), as an individual, and certain IBP employees with respect to the employees’ membership units in IBPMH and IBPIH, which allowed the holders to sell the units, at a fixed price, to Jeff Edwards. These Employee Puts expire on various dates through April 2014. For details on the accounting policy for these awards, see Note 2, Significant Accounting Policies.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Principles of Consolidation

The Company prepares its consolidated financial statements in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”). The accompanying consolidated financial statements include all wholly owned subsidiaries and majority owned subsidiaries. The non-controlling interest relating to majority owned subsidiaries is not significant for presentation. All significant intercompany accounts and transactions have been eliminated.

Use of Estimates

Preparation of the consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include the allowance for doubtful accounts, valuation allowance on deferred tax assets, valuation of the reporting unit, intangible assets and other long-lived assets, share based compensation, reserves for general liability, workers’ compensation, medical insurance and common stock and preferred stock. Management believes the accounting estimates are appropriate and reasonably determined; however, due to the inherent uncertainties in making these estimates, actual amounts could differ from such estimates.

Cash and Cash Equivalents

We consider all highly liquid investments purchased with original term to maturity of three months or less to be cash equivalents. Substantially all cash and cash equivalents are held in one bank. The bank provides FDIC coverage of \$250 per depositor. Included in accounts payable are outstanding checks of \$1,491 and \$1,480 as of December 31, 2011 and 2012, respectively. Included in accrued compensation are outstanding checks of \$603 and \$506 as of December 31, 2011 and 2012, respectively. We manage our cash to a zero balance account and borrow funds under the Revolving Line of Credit (the “LOC”) to cover outstanding checks. Refer to Note 5, Long-Term Debt for further details on the LOC.

Restricted Cash

Restricted cash consists of deposits held by our insurance carrier for general liability and workers’ compensation reserves. Restricted cash is not considered cash and cash equivalents for purposes of the statements of cash flows. Classification between current and long-term is dependent upon the timing of the intended use of each particular reserve.

INSTALLED BUILDING PRODUCTS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(in thousands, except share amounts)

Revenue Recognition

Revenue from the sale and installation of products is recognized when all of the following have occurred: (i) persuasive evidence of an arrangement exists, (ii) delivery has occurred or services have been rendered, (iii) the price is fixed or determinable and (iv) the ability to collect is reasonably assured. Revenue is recognized net of adjustments and discounts.

Revenue from the sale and installation of products to customers is recognized at the time the installation is complete.

Business Combinations

The purchase price for business combinations is allocated to the estimated fair values of acquired tangible and intangible assets and assumed liabilities, including goodwill, where applicable. Additionally, we recognize customer relationships, trademarks and trade names, and non-competition agreements as identifiable intangible assets. These assets are recorded at fair value as of the transaction date. The fair value of these intangibles is determined primarily using the income approach and using current industry information, which involves significant unobservable inputs (Level 3 inputs). These inputs include projected sales, margin and tax rate.

Accounts Receivable

The Company accounts for trade receivables based on amounts billed to customers. Past due receivables are determined based on contractual terms. The Company does not accrue interest on any of its trade receivables.

Allowance for Doubtful Accounts

The Company maintains an allowance for doubtful accounts for estimated losses resulting from the failure of customers to make required payments. The allowance is determined by management based on the Company's historical losses, specific customer circumstances and general economic conditions. The Company analyzes aged accounts receivable and generally increases the allowance as receivables age. Management reviews accounts receivable and records an allowance for specific customers based on current circumstances and charges off the receivable against the allowance when all attempts to collect the receivable have failed. This analysis is performed regularly and the allowance is adjusted accordingly. In 2011, we changed our estimate in order to account for balances extended beyond newly established collection periods and rates determined to be reasonable. The estimate was adjusted based upon internal studies of average collection periods, collection percentages of aged balances, trend analysis and changes in market conditions.

<u>Allowance for doubtful accounts receivable</u>	
January 1, 2011	\$ 2,172
Charged to costs and expenses	2,156
Charged to other accounts (1)	337
Deductions (2)	<u>(3,094)</u>
December 31, 2011	\$ 1,571
Charged to costs and expenses	482
Charged to other accounts (1)	563
Deductions (2)	<u>(1,204)</u>
December 31, 2012	<u>\$ 1,412</u>

- (1) Recovery of receivables previously written-off as bad debt.
(2) Write-off of uncollectible accounts receivable.

INSTALLED BUILDING PRODUCTS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(in thousands, except share amounts)

Concentration of Credit Risk

Credit risk is the risk of financial loss to the Company from the non-performance of a contractual obligation on the part of the Company's counterparty. Such risk arises principally from the Company's receivables from customers and cash and bank balances. Substantially all of the Company's trade accounts receivable are from entities engaged in residential and commercial construction. The Company performs periodic credit evaluations of its customers' financial condition. The general credit risk of the Company's counterparties is not considered to be significant. In addition, no individual customer made up more than 3.0% of net revenue for the years ended December 31, 2011 or 2012.

Inventories

Inventories consist of insulation, garage doors, rain gutters, shower doors, mirrors, closet shelving and other products. We install the products but do not manufacture or modify them. We value inventory at the lower of cost or market with cost determined using the first-in, first-out ("FIFO") method. As of December 31, 2011 and 2012, all inventory was finished goods.

Property and Equipment, net

Property and equipment are stated at cost, less accumulated depreciation. The Company provides for depreciation and amortization of property and equipment using the straight-line method, over the expected useful lives of the assets. Leasehold improvements are amortized over the shorter of the useful life or the remaining lease term. Expected useful lives of property and equipment vary but generally are five years for vehicles, three to five years for furniture, fixtures and equipment, shorter of lease life or five years for leasehold improvements and 30 years for buildings.

Major renewals and improvements are capitalized. Maintenance, repairs and minor renewals are expensed as incurred. When assets are retired or otherwise disposed of, the related cost and accumulated depreciation are removed from the accounts and any resulting gain or loss is recorded.

Goodwill

Goodwill results from business combinations and represents the excess of the purchase price over the fair value of acquired tangible assets and liabilities and identifiable intangible assets. Annually, on December 31, or if conditions indicate an earlier review is necessary, we assess qualitative factors to determine if it is more likely than not that the fair value of the reporting unit is less than its carrying amount and if it is necessary to perform the quantitative two-step goodwill impairment test. If we perform the quantitative test, we compare the carrying value of the reporting unit to an estimate of the reporting unit's fair value to identify potential impairment. The estimate of the reporting unit's fair value is determined by weighting a discounted cash flow model and a market-related model using current industry information that involve significant unobservable inputs (Level 3 inputs). In determining the estimated future cash flow, we consider and apply certain estimates and judgments, including current and projected future levels of income based on management's plans, business trends, prospects and market and economic conditions and market-participant considerations. If the estimated fair value of the reporting unit is less than the carrying value, a second step is performed to determine the amount of the potential goodwill impairment. If impaired, goodwill is written down to its estimated implied fair value.

INSTALLED BUILDING PRODUCTS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(in thousands, except share amounts)

Impairment of Other Intangible and Long-Lived Assets

Other intangible assets consist of customer relationships, non-competition agreements and business trademarks and trade names. Amortization of finite lived intangible assets is recorded to reflect the pattern of economic benefits based on projected revenues over their respective estimated useful lives (customer relationships – 10 years, non-competition agreements – two to five years and business trademarks and trade names – eight to 15 years). We do not have any indefinite-lived intangible assets.

We review long-lived assets whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. An impairment loss is recognized when estimated future cash flows expected to result from the use of an asset and its eventual disposition are less than its carrying amount. When impairment is identified, the carrying amount of the asset is reduced to its estimated fair value. Assets to be disposed of are recorded at the lower of net book value or fair market value less cost to sell at the date management commits to a plan of disposal.

Other Liabilities

Our workers' compensation insurance is primarily under a high-deductible insurance policy and our general liability insurance is under a self-insured retention program ("SIR"). We are insured for covered claims above the deductible and SIR. The liabilities represent our best estimate of our costs, using generally accepted actuarial reserving methods, of the ultimate obligations for reported claims plus those incurred but not reported for all claims incurred through December 31, 2011 and 2012. We establish case reserves for reported claims using case-basis evaluation of the underlying claims data and we update as information becomes known. We regularly monitor the potential for changes in estimates, evaluate our insurance accruals and adjust our recorded provisions.

The assumptions underlying the ultimate costs of existing claim losses are subject to a high degree of unpredictability, which can affect the liability recorded for such claims. For example, variability in inflation rates of health care costs inherent in workers' compensation claims can affect the ultimate costs. Similarly, changes in legal trends and interpretations, as well as a change in the nature and method of how claims are settled can affect ultimate costs. Our estimates of liabilities incurred do not anticipate significant changes in historical trends for these variables, and any changes could have a considerable effect on future claim costs and currently recorded liabilities.

Advertising Costs

Advertising costs are expensed as incurred. Advertising expense was approximately \$1,440 and \$1,694 during the years ended December 31, 2011 and 2012, respectively, and is included in selling expense on the Consolidated Statements of Operations.

Other Operating Expenses

A net gain on litigation settlement of \$6,975 was recognized in 2012 due to the settlement of a class action lawsuit in which we were one of the plaintiffs. The lawsuit related to excess material prices being charged by certain manufacturers and was settled and paid in 2012. This gain is recognized in operating expenses on the Consolidated Statements of Operations.

Also included in operating expenses in 2012 is a \$960 gain from insurance proceeds related to the replacement of property and equipment and business interruption due to a fire at a single location in 2011. This gain was recorded in other operating expenses on the Consolidated Statements of Operations in 2012.

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Deferred Financing Costs

Deferred financing costs are amortized over the term of the related debt using the effective interest method. The related amortization expense of these costs was \$696 and \$175 and is included in interest expense on the Consolidated Statements of Operations for the years ended December 31, 2011 and 2012, respectively. Deferred financing costs are included in other long-term assets on the Consolidated Balance Sheets and were \$671 and \$496, net as of December 31, 2011 and December 31, 2012, respectively.

Share-Based Compensation

As further described in Note 1, Organization and Recapitalization, two of our stockholders issued membership interests in their equity to certain of our employees (the "Awards") during the years ended December 31, 2010 and 2011. Certain of these employees were granted Employee Puts.

In 2010, when the employees received the Awards, the then fair value of the Awards less any consideration in exchange for the Awards was recorded as compensation expense. In accordance with the terms of the Awards, they were deemed equity-classified instruments as there is no service or vesting period associated with these Awards and all compensation expense was recognized upon issuance.

Upon issuance of the Employee Puts, the then fair value of the Employee Puts received was recorded as compensation expense over the service period, if applicable. The Employee Puts are deemed to be liability-classified instruments that are directly associated with the Awards. As such, both the Awards and the Employee Puts are accounted for as liability-classified instruments as of the issuance date of the Employee Put. During the period for which the Employee Puts are exercisable, both the Employee Puts and the associated Awards are remeasured to fair value each reporting period.

It is assumed that Employee Puts will be exercised at the greater of the fixed price or fair market value. In the absence of a publicly traded market, the fair market value of the Employee Puts and underlying units are estimated primarily using discounted cash flow and, secondarily, using other market-related models that factor in current industry trends. In determining the estimated future cash flow, we consider and apply certain estimates and judgments, including current and projected future levels of income based on management's plans, business trends, prospects and market and economic conditions and market-participant considerations. The adjustment to the carrying fair value is based upon an equity rate of return for a public company in our industry with similar financial trends and characteristics. The fair value of the Company's common stock is used to determine the value of the Employee Puts based on their ownership interest.

Because the awards were granted by a related party as compensation to employees of the Company, the compensation associated with the awards was pushed down by the related parties and recorded as a non-cash expense in the Company's Consolidated Statements of Operations during the years ended December 31, 2011 and 2012.

Income Taxes

The Company accounts for income taxes using the asset and liability method. Under this method, the amount of taxes currently payable or refundable are accrued, and deferred tax assets and liabilities are recognized for the estimated future tax consequences of temporary differences that currently exist between the tax basis and financial reporting basis of the Company's assets and liabilities.

Valuation allowances are established against deferred tax assets when it is more likely than not that the realization of those deferred tax assets will not occur. In evaluating our ability to recover our deferred tax assets

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within the jurisdiction from which they arise, we consider all available positive and negative evidence, including scheduled reversals of deferred tax liabilities, the ability to produce future taxable income, tax planning strategies available and recent financial operations. In projecting future taxable income, we begin with historical results adjusted for the results of discontinued operations and changes in accounting policies and incorporate assumptions including the amount of future federal and state pretax operating income, the reversal of temporary differences and the implementation of feasible and prudent tax planning strategies. These assumptions require significant judgment about the forecasts of future taxable income and are consistent with the plans and estimates we use to manage the underlying businesses.

Deferred tax assets and liabilities are measured using the enacted tax rates in effect in the years when those temporary differences are expected to reverse. The effect on deferred taxes from a change in tax rate is recognized through continuing operations in the period that includes the enactment date of the change. Changes in tax laws and rates could also affect recorded deferred tax assets and liabilities in the future. Management is not aware of any such changes that would have a material effect on the Company's results of operations, cash flows, or financial position.

A tax benefit from an uncertain tax position may be recognized when it is more likely than not that the position will be sustained upon examination, including resolutions of any related appeals or litigation processes, based on the technical merits. Income tax positions must meet a more likely than not recognition threshold to be recognized.

The Company recognizes tax liabilities for uncertain tax positions and adjusts these liabilities when the Company's judgment changes as a result of the evaluation of new information not previously available. Due to the complexity of some of these uncertainties, the ultimate resolution may result in a payment that is materially different from the current estimate of the tax liabilities. These differences will be reflected as increases or decreases to income tax expense and the effective tax rate in the period in which the new information becomes available. Interest and penalties related to unrecognized tax benefits are recognized within income tax expense in the Consolidated Statements of Operations. Accrued interest and penalties are recognized in accrued expenses on the Consolidated Balance Sheets.

Although there were subsidiaries organized as C-corporations, prior to the Recapitalization, the Company was primarily treated as a partnership for federal income tax purposes and, therefore, had not been subject to federal and state income tax (subject to exception in a limited number of state and local jurisdictions). IBP is organized as a C-corporation. Therefore, effective with the Recapitalization, the Company is subject to federal, state and local income taxes.

Our income tax expense, deferred tax assets and liabilities and reserves for unrecognized tax benefits reflect management's best assessment of estimated future taxes to be paid. We are subject to income taxes in the United States which includes numerous state and local jurisdictions. Significant judgments and estimates are required in determining the income tax expense, deferred tax assets and liabilities and the reserve for unrecognized tax benefits.

Discontinued Operations

We continually review each of our markets in order to refine our overall investment strategy and to optimize capital and resource allocations in an effort to enhance our financial position and to increase Company value. This review entails an evaluation of both external market factors and our position in each market and over time has resulted in the decision to discontinue certain locations. Customers of discontinued locations will not be

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served by other locations. There were no material assets or liabilities related to our discontinued operations as of December 31, 2011 or December 31, 2012. Discontinued operations were not segregated in the Consolidated Statements of Cash Flows. Therefore, amounts for certain captions in the Consolidated Statements of Cash Flows, including impairment of intangibles and amortization of intangibles for the year ended December 31, 2011 will not agree with the respective data in the Consolidated Statements of Operations.

Estimated Fair Value of Financial Instruments

Accounts receivable, accounts payable and accrued liabilities as of December 31, 2011 and 2012 approximate their fair value due to the short-term maturities of these financial instruments. The carrying amounts of the long-term debt under the revolving lines of credit approximate their fair value as of December 31, 2011 and 2012 due to the short-term maturities of the underlying variable rate LIBOR agreements. This represents a Level 2 fair value measurement.

Recently Adopted Accounting Pronouncements

In May 2011, the Financial Accounting Standards Board ("FASB") issued ASU No. 2011-04, Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRS ("ASU 2011-04"). The amendments in this ASU are intended to improve the comparability of fair value measurements presented and disclosed in financial statements prepared in accordance with U.S. GAAP and International Financial Reporting Standards ("IFRS"). The amendments in this ASU explain how to measure fair value. They do not require additional fair value measurements and are not intended to establish valuation standards or affect valuation practices outside of financial reporting. The guidance is effective for fiscal years, and interim periods within those years, beginning after December 15, 2011. The Company adopted the provisions of ASU 2011-04 on January 1, 2012. The adoption did not have a material impact on the Company's financial position or results of operations.

Recently Issued Accounting Pronouncements Not Yet Adopted

As of December 31, 2012, there are no recently issued accounting standards not yet adopted that would have a material effect on the Company's financial statements.

NOTE 3 – PROPERTY AND EQUIPMENT

	As of December 31,	
	2011	2012
Land	\$ 66	\$ 66
Buildings	218	218
Leasehold improvements	3,365	3,492
Furniture, fixtures and equipment	15,194	16,606
Vehicles and equipment	39,785	47,814
	<u>58,628</u>	<u>68,196</u>
Less: accumulated depreciation and amortization	(50,430)	(50,265)
	<u>\$ 8,198</u>	<u>\$ 17,931</u>

Property and equipment as of December 31, 2011 and 2012 of \$36,886 and \$38,742, respectively, were fully depreciated. Depreciation expense for the years ended December 31, 2011 and 2012 was \$4,405 and \$4,637, respectively.

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NOTE 4 – GOODWILL AND INTANGIBLES

Goodwill

The change in carrying amount of goodwill was as follows:

	Years ended December 31,	
	2011	2012
Beginning balance	\$ 118,316	\$ 118,316
Accumulated impairment losses	(70,004)	(70,004)
Net goodwill	48,312	48,312
Goodwill from acquisitions	—	834
Ending balance	<u>\$ 48,312</u>	<u>\$ 49,146</u>

No impairment of goodwill was recognized for the years ended December 31, 2011 and 2012.

Intangibles, net

The following table provides the gross carrying amount and accumulated amortization for each major class of intangibles:

	As of December 31,					
	2011		Net Book Value	2012		Net Book Value
	Gross Carrying Amount	Accumulated Amortization		Gross Carrying Amount	Accumulated Amortization	
Definite-lived intangibles:						
Customer relationships	\$17,278	\$ 10,659	\$ 6,619	\$20,439	\$ 12,425	\$ 8,014
Non-competition agreements	1,280	888	392	1,021	761	260
Trademarks and trade names	9,925	4,225	5,700	11,545	4,796	6,749
	<u>\$28,483</u>	<u>\$ 15,772</u>	<u>\$12,711</u>	<u>\$33,005</u>	<u>\$ 17,982</u>	<u>\$15,023</u>

Due to certain triggering events, we performed this analysis and recorded an impairment charge of \$2,761 and \$352 during the years ended December 31, 2011 and 2012, respectively. The charge consisted of \$1,687 and \$352 for impaired customer relationships and trademarks and trade names relating to certain branch name changes during 2011 and 2012, respectively. In 2011, the impairment charges also included \$1,074 of impaired intangibles related to discontinued operations.

Amortization expense on intangible assets totaled \$3,986 and \$3,082 for the years ended December 31, 2011 and 2012, respectively. Remaining estimated aggregate annual amortization expense is as follows:

2013	\$2,931
2014	2,496
2015	2,309
2016	1,989
2017	1,400
Thereafter	3,898

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NOTE 5 – LONG-TERM DEBT

Debt consists of the following:

	As of December 31,	
	2011	2012
Revolving line of credit	\$16,744	\$17,231
Various notes payable, maturing through December 2016; payable in various monthly installments, including interest rates ranging from 0.0% to 8.5%	49	660
	<u>16,793</u>	<u>17,891</u>
Less: current maturities	(9)	(186)
Long-term debt, less current maturities	<u>\$16,784</u>	<u>\$17,705</u>

We are a party to a revolving loan and security agreement with a lender (the “Credit Agreement”) (most recently amended in December 2012). The Credit Agreement provides for a Revolving Line of Credit (the “LOC”) with a maximum limit of \$50,000 (\$40,000 as of December 31, 2011). The LOC is due May 4, 2016 with interest at either 1) the Eurodollar rate (“LIBOR”) or 2) the Alternate Base Rate (which approximates the Prime Rate), plus a margin based on the type of rate applied. The Company had \$16,000 outstanding on the LOC at 1-month LIBOR including margin (2.25%-3.75%) as of December 31, 2012. The Company also had \$1,231 outstanding on the LOC at the Alternate Base Rate including margin (4.25%) as of December 31, 2012.

The LOC permits borrowings based on a stated percentage of eligible accounts receivable and inventories. The borrowings on the LOC are also subject to a minimum availability reserve. The Company had available borrowings of \$4,039 and \$15,492 under its LOC as of December 31, 2011 and 2012, respectively. In addition, the Company is required to pay a monthly fee of 0.375% per annum on the average unused commitment under the LOC. Amounts outstanding under the Credit Agreement are collateralized by a first lien security position on all assets, including, but not limited to, all real estate, property, equipment, receivables and inventories.

The Credit Agreement also contains various restrictive non-financial covenants that include more frequent borrowing base reporting if the minimum availability falls below a certain threshold, and several limitations on specific changes that would result in incurring additional debts or pledging the Company’s assets, including restrictions on distributions to be made to our stockholders. The Credit Agreement also contains a provision that upon a change in control or an event of default (as defined within the Credit Agreement), amounts outstanding under the LOC would bear interest at the rate as determined above plus 2%.

The Credit Agreement also allows the Company to issue Letters of Credit not to exceed \$10,000 in the aggregate. To support the Company’s insurance programs, there were outstanding Letters of Credit of \$8,389 as of December 31, 2011 and \$7,278 as of December 31, 2012.

IBP II was party to a separate credit agreement with a different lender dated September 28, 2007 (as most recently amended on March 25, 2011). This credit agreement initially consisted of a revolving line of credit and a term loan. In March 2011, certain of the then members of IBP II contributed \$12,010 in the form of common members’ equity. These funds were then used to pay down amounts outstanding under the IBP II credit agreement. The IBP II credit agreement was fully repaid in connection with the Recapitalization. See Note 1, Organization and Recapitalization for further details.

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Aggregate maturities of long-term debt are as follows:

2013	\$	186
2014		165
2015		176
2016		17,364
	\$	<u>17,891</u>

NOTE 6 – FAIR VALUE MEASUREMENTS

Fair Values

Fair value is the price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

The standard establishes a fair value hierarchy that requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

- Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.
- Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active or other inputs that are observable or can be corroborated by observable market data.
- Level 3: Significant unobservable inputs that reflect a reporting entity’s own assumptions about the assumptions that market participants would use in pricing an asset or liability.

Assets and Liabilities Measured at Fair Value on a Recurring Basis

In many cases, a valuation technique used to measure fair value includes inputs from multiple levels of the fair value hierarchy. The lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy. During the periods presented, there were no transfers between fair value hierarchical levels.

	Balance as of December 31, 2011	Quoted prices in active markets Level 1	Significant other observable inputs Level 2	Significant unobservable inputs Level 3
Put option – Series A Preferred Stock	\$ 925	\$ —	\$ —	\$ 925
Redeemable Common Stock	15,501	—	—	15,501
Total items measured at fair value on a recurring basis	\$ 16,426	\$ —	\$ —	\$ 16,426

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	Balance as of December 31, 2012	Quoted prices in active markets Level 1	Significant other observable inputs Level 2	Significant unobservable inputs Level 3
Put option – Series A Preferred Stock	\$ 782	\$ —	\$ —	\$ 782
Redeemable Common Stock	17,246	—	—	17,246
Total items measured at fair value on a recurring basis	\$ 18,028	\$ —	\$ —	\$ 18,028

The following is a general description of the valuation methodologies used for liabilities and mezzanine equity (which includes redeemable preferred and common stock) items measured at fair value:

Put option – Series A Preferred Stock – The Company identified a certain embedded feature in the Series A Preferred Stock that was required to be bifurcated and accounted for as a derivative. The identified put option allows Series A Preferred stockholders to put their shares upon a change in control. The estimated fair value of the put option on Series A Preferred Stock is determined using our estimates of the probability of a change in control during each period the option is outstanding in combination with the accreted fair value of the Series A Preferred Stock during the option period. Those resulting probabilities are then calculated at net present value. An increase in the probability of the change in control would increase the fair value of the embedded derivative.

Redeemable Common Stock – The estimated fair value of the redeemable feature of certain shares of our outstanding common stock is determined using a combination of discounted cash flows and market multiple approach modeling. The fair value is estimated using this method to mark the Redeemable Common Stock to market at each period end. The weighted average cost of capital (“WACC”) used was 13% as of December 31, 2011 and 2012, respectively, and an increase in the WACC would decrease the fair value of the Redeemable Common Stock.

Changes in the fair value of recurring fair value measurements using significant unobservable inputs (Level 3) for the years ended December 31, 2011 and 2012 were as follows (in thousands):

Balance as of January 1, 2011	\$ —
Put option liabilities recorded	925
Mezzanine equity items recorded	14,900
Adjustments to fair value measurement impacting the Statement of Stockholders’ Equity and Redeemable Instruments	601
Balance as of December 31, 2011	16,426
Adjustments to fair value measurement impacting the Statement of Stockholders’ Equity and Redeemable Instruments	1,745
Adjustments to fair value measurement impacting the Statement of Operations	(143)
Balance as of December 31, 2012	\$18,028

The unrealized gain related to the put option liabilities is recorded within other expense (income) on the Consolidated Statements of Operations.

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Assets Measured at Fair Value on a Nonrecurring Basis

Certain assets are measured at fair value on a nonrecurring basis in periods subsequent to initial recognition. Assets measured at fair value on a nonrecurring basis during the years ended December 31, 2011 and 2012 are categorized based on the lowest level of significant input to the valuation. The assets were measured at fair value as our impairment assessment indicated a carrying value for each of the assets in excess of the asset's estimated fair value. In some circumstances, the impairment assessment was performed as a result of a portion of the business being classified as a discontinued operation. Discounted cash flows, a Level 3 input, were utilized in determining estimated fair values. See the "Impairment of Long-Lived Assets" caption of Note 2, Significant Accounting Policies, for more information.

The amount of impairment loss included in net income (loss) attributable to common stockholders was \$2,761 and \$352 for the years ended December 31, 2011 and 2012, respectively.

NOTE 7 – STOCKHOLDERS' EQUITY AND REDEEMABLE INSTRUMENTS

As of December 31, 2011, we had 19,499,993 shares of common stock, authorized, issued and outstanding and 1,000 shares of Series A Preferred Stock, authorized, issued and outstanding, all with par value of \$0.01.

In August 2012, the Company amended its Certificate of Incorporation to authorize 33,050,862 shares of Common Stock. As of December 31, 2012, the Company had 22,033,901 shares of common stock issued and outstanding and 1,000 shares of Series A Preferred Stock issued and outstanding. The additional 2,533,908 shares of common stock were issued during 2012 to the previous members of a business acquired in 2012. See Note 12, Business Combinations for further details.

Redeemable Instruments

The Series A Preferred Stock carries an optional redemption feature and can be redeemed, at the election of the holder, any time on or after July 31, 2016, but prior to July 31, 2021, at an amount equal to \$75,789, three times the original issue price of \$25,263, plus accrued dividends, if any (the "Redemption Price"). If the optional redemption is exercised and we are unable to settle the obligation with the holder, then dividends accrue at a rate of 25% on the portion of shares not redeemed. The Company may, at its election prior to the optional redemption date, redeem the shares of Series A Preferred Stock at the Redemption Price. As the redemption of the preferred shares is dependent on the passage of time, the Company has elected to accrete to the Redemption Price the value of the Series A Preferred Stock using the interest method, over the period from the issuance date until the earliest redemption date (July 31, 2016).

One of our stockholders who owns 5,850,000 shares of Redeemable Common Stock as of November 4, 2011, has put rights that require us to repurchase its shares beginning in April 2019 at the fair value determined at the redemption date. As the redemption price is equivalent to the fair value of the instrument, we adjust the carrying value of the Redeemable Common Stock to its fair value with an adjustment to equity. We also have a right to call 975,000 of these shares, at par value, before December 31, 2014 if we redeem all of the Series A Preferred Stock prior to that date. These put and call rights terminate upon an initial public offering of the Company's common stock.

Upon dissolution of the Company and payment of all indebtedness to creditors, preferred stockholders are entitled to receive distributions for their preferred shares up to the Redemption Price prior to common stockholders.

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NOTE 8 – EMPLOYEE BENEFITS

We participate in multiple healthcare plans, one of which is held and administered by a trust that is a related party. This plan is partially self-funded with an insurance company paying benefits in excess of stop loss limits per individual. Our healthcare benefit expense (net of employee contributions) was approximately \$5,199 and \$5,744 for the years ended December 31, 2011 and 2012, respectively for all plans. An accrual for estimated healthcare claims incurred but not yet reported is included within accrued compensation on the Consolidated Balance Sheets and was \$661 and \$663 as of December 31, 2011 and December 31, 2012, respectively.

We participate in multiple workers' compensation plans. Under these plans, we use a high deductible program to cover losses above the deductible amount on a per claim basis. We accrue for the estimated losses occurring from both asserted and un-asserted claims. A workers' compensation liability for premiums is included in other current liabilities on the Consolidated Balance Sheets. Insurance claims and reserves include accruals of estimated settlements for known claims, as well as accruals of actuarial estimates of IBNR. In estimating these reserves, historical loss experience and judgments about the expected levels of costs per claim are considered. These claims are accounted for based on actuarial estimates of the undiscounted claims, including those claims incurred but not reported. We believe the use of actuarial methods to account for these liabilities provides a consistent and effective way to measure these highly judgmental accruals.

Workers' compensation expense totaled \$3,092 and \$4,043 during the years ended December 31, 2011 and 2012, respectively. As of December 31, 2011 and 2012, respectively, workers' compensation reserves for known claims and incurred but not reported claims ("IBNR") totaled \$3,317 and \$4,570 and are included in other long-term liabilities on the accompanying balance sheets. Other long-term liabilities also include \$3,039 and \$3,430 of accrued insurance reserves as of December 31, 2011 and December 31, 2012, respectively. We also had an insurance receivable for a claim that exceeded the stop loss limit and is included in other long-term assets on the face of the Consolidated Balance Sheets. That receivable offsets an equal liability included within the reserve amount noted above and totaled \$768 and \$1,777 as of December 31, 2011 and 2012, respectively.

The Company also participates in various profit-sharing and 401(k) plans. Certain plans provide that eligible employees can defer a portion of their wages into the trust, subject to current Internal Revenue Code rules and limitations. The Company provides a matching contribution of wages deferred by employees and can also make discretionary contributions to each plan. Certain plans allow for discretionary employer contributions only. These plans cover substantially all eligible employees of the Company. During the years ended December 30, 2011 and 2012, we matched employee contributions under certain plans, resulting in total match and administrative expenses of \$95 and \$529, respectively.

NOTE 9 – INCOME TAXES

As part of the Recapitalization in 2011 described in Note 1, Organization and Recapitalization, both IBHL and IBHL II membership interests were contributed to the subsidiaries of IBP. The previous members are no longer members of IBHL or IBHL II. Given the greater than 50% change in ownership, there was a technical termination of the partnerships, including certain lower tier partnerships under the federal tax law. The ownership change resulted in a full limitation of the net operating loss carryforward attributes of the subsidiary C-corporations. As a result, the Company wrote off the net operating loss deferred tax assets, which had been previously fully reserved.

Upon formation of IBP, we recorded a deferred tax liability ("DTL") for the difference in the book basis and tax basis of IBP's investment in IBP I and IBP II. The change in basis and the requirement to be taxed as a

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C-corporation resulted from the transfer of partnership interests at the member level. The resulting initial recognition of deferred tax assets and liabilities resulting from the Recapitalization of \$11,280 has been recorded directly to equity.

Prior to this change, the subsidiary C-corporations were the only tax filing entities required to record tax expense and deferred tax assets and liabilities. As shown in the effective tax rate reconciliation, the recapitalization and change in the valuation allowance were the main drivers of the effective tax rate for 2011, which was significantly lower than the 2011 statutory tax rate and the 2012 effective tax rate.

The provision for income taxes from continuing operations is comprised of:

	Years ended December 31,	
	2011	2012
Current:		
Federal	\$2,035	\$1,213
State	232	194
	<u>2,267</u>	<u>1,407</u>
Deferred:		
Federal	(755)	(794)
State	(63)	(58)
	<u>(818)</u>	<u>(852)</u>
Total tax expense	<u>\$1,449</u>	<u>\$ 555</u>

The reconciliation between the Company's effective tax rate on loss from continuing operations and the federal statutory tax rate is as follows:

	Years ended December 31,			
	2011		2012	
Income tax at federal statutory rate	\$(2,009)	35.0%	\$(1,309)	35.0%
Non-deductible loss from flow through entities prior to Recapitalization	888	(15.5)%		
Loss of tax attributes resulting from Recapitalization	9,878	(172.1)%		
Extinguishment of debt	355	(6.2)%		
Stock compensation	273	(4.8)%	1,581	(42.3)%
Other non-deductible expenses	76	(1.3)%	(6)	0.2%
Change in valuation allowance	(8,239)	143.5%	214	(5.7)%
Interest and penalties on uncertain tax positions	118	(2.1)%	56	(1.5)%
State income taxes, net of federal benefit	109	(1.9)%	19	(0.5)%
	<u>\$ 1,449</u>	<u>(25.2)%</u>	<u>\$ 555</u>	<u>(14.8)%</u>

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Components of the net deferred tax liability are as follows:

	As of December 31,	
	2011	2012
Deferred Tax Assets		
Current		
Accrued reserves and allowances	\$ 374	\$ 705
Inventories	32	46
Current deferred tax assets	<u>406</u>	<u>751</u>
Long-term		
Property and equipment	18	—
Net operating loss carryforwards	75	688
Long-term deferred tax assets	<u>93</u>	<u>688</u>
Total deferred tax assets	499	1,439
Less: Valuation allowance	<u>(14)</u>	<u>(228)</u>
Net deferred tax assets	<u>485</u>	<u>1,211</u>
Deferred Tax Liabilities		
Long-term		
Property and equipment	—	(61)
Intangibles	(794)	(529)
Investment in partnership	(10,367)	(11,932)
Other	(79)	(64)
Total deferred tax liabilities	<u>(11,240)</u>	<u>(12,586)</u>
Net deferred tax liabilities	<u>\$(10,755)</u>	<u>\$(11,375)</u>

As of December 31, 2012, we have federal and state income tax net operating loss (NOL) carryforwards of \$688. Due to the IRS Section 382 elimination of NOLs generated prior to the Recapitalization, the earliest expiration date is 2030.

Valuation Allowance

We assess the available positive and negative evidence to estimate if sufficient future taxable income will be generated to utilize the existing deferred tax assets on a jurisdiction and by tax filing entity basis. A significant piece of objective negative evidence evaluated is cumulative losses incurred over the most recent three year period. Such objective evidence limits the ability to consider other subjective positive evidence such as our projections for future growth.

Based on this evaluation, a valuation allowance has been recorded as of December 31, 2011 and 2012 for the net deferred tax assets recorded on certain of our wholly owned subsidiaries. Such deferred tax assets relate primarily to net operating losses that are not more likely than not realizable. However, the amount of the deferred tax asset considered realizable could be adjusted if estimates of future taxable income during the carryforward

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period change, or if objective negative evidence in the form of cumulative losses is no longer present. Additional weight may be given to subjective evidence such as our projections for growth in this situation.

<u>Valuation Allowance</u>	
January 1, 2011	\$(9,028)
Charged to costs and expenses	(5)
Deductions	<u>9,019</u>
December 31, 2011	(14)
Charged to costs and expenses	<u>(214)</u>
December 31, 2012	<u>\$ (228)</u>

Uncertain Tax Positions

We are subject to taxation in the United States and various state jurisdictions. As of December 31, 2012 our tax years for 2009, 2010, and 2011 are subject to examination by the tax authorities. We have unrecognized tax benefits related to temporary items. A rollforward of the gross unrecognized tax benefits is as follows:

Unrecognized tax benefit, January 1, 2011	\$ —
Increase as a result of tax positions taken during the period	<u>924</u>
Unrecognized tax benefit, December 31, 2011	924
Increase as a result of tax positions taken during the period	945
Decrease as a result of tax positions taken during the period	<u>(504)</u>
Unrecognized tax benefit, December 31, 2012	<u>\$1,365</u>

These unrecognized benefits result from the difference in taxable income calculated at the time of the return versus calculated per the provision. We expect a reversal of approximately \$926 of our unrecognized tax benefit in the next twelve months, because of unrecognized benefits relating to temporary items that will reverse in the next twelve months. \$619 of the unrecognized tax benefits, if recognized, would affect the effective tax rate.

Interest expense and penalties accrued related to uncertain tax positions for the year ended December 31, 2011 and 2012 are not significant.

Determining uncertain tax positions and the related estimated amounts requires judgment and carry estimation risk. If future tax law changes or interpretations should come to light, or additional information should become known, our conclusions regarding unrecognized tax benefits may change.

NOTE 10 – RELATED PARTY TRANSACTIONS

The Company previously paid management fees to IBP Holdings, LLC for corporate support functions under a management fee agreement. These fees totaled \$4,760 for the year ended December 31, 2011. As part of the Recapitalization on November 4, 2011 (see Note 1, Organization and Recapitalization), this management agreement was cancelled. In December 2012, the Company entered into a new management services and fee agreement and made a payment of \$4,300 for management fees to certain related parties for management services. Pursuant to this agreement, the board of directors annually determined whether a management fee would be paid as well as the amount of that fee. The agreement was terminated on October 22, 2013.

INSTALLED BUILDING PRODUCTS, INC.
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We sell installation services to other companies related through common or affiliated ownership. We also purchase services and materials and pay rent to companies with common or related ownership.

We lease our headquarters and other facilities from certain related parties. Refer to Note 11, Commitments and Contingencies, for future minimum lease payments to be paid to these related parties.

For the years ended December 31, 2011 and 2012, the amount of sales to common or related parties as well as the purchases from and rent expense paid to these common or related parties are as follows:

	Years ended December 31,	
	2011	2012
Sales	\$ 2,704	\$ 1,689
Purchases	610	3,668
Rent	158	288

Related party purchases made during the year ended December 31, 2012 include \$743 paid to a related party as part of an acquisition made during the year. Refer to "Accurate Building Products Inc." within Note 12, Business Combinations for additional information.

Pursuant to an Individual Guaranty Agreement and a Guaranty Agreement, each dated as of October 22, 2012, certain of our investors guaranteed our letter of credit reimbursement obligations to Bank of America, N.A. in connection with letters of credit issued by Bank of America, N.A. to support our workers compensation policies. Such letters of credit are currently issued under our existing credit facility and these guarantees were terminated on July 30, 2013. In addition, one of our investors guaranteed certain reimbursement obligations of ours under certain performance and licensing bonds issued by sureties on behalf of us in the ordinary course of business. These bonds are being replaced as they expire with bonds that do not require any guarantee. These obligations were not direct guarantees of the company.

NOTE 11 – COMMITMENTS AND CONTINGENCIES

Leases

We are obligated under capital leases covering vehicles and certain equipment. Total assets relating to capital leases were \$31,627 and \$39,364 as of December 31, 2011 and 2012, respectively, and a total of \$22,821 and \$23,033 were fully depreciated as of December 31, 2011 and 2012, respectively. The vehicles and equipment leases generally have terms ranging from four to six years. The net book value of assets under capital leases was \$4,258 and \$12,694 as of December 31, 2011 and 2012, respectively, net of accumulated depreciation of \$27,369 and \$26,670, respectively. Amortization of assets held under capital leases is included with depreciation expense on the Consolidated Statements of Operations.

We also have several noncancellable operating leases, primarily for buildings, improvements, equipment and certain vehicles. These leases generally contain renewal options for periods ranging from one to five years and require the Company to pay all executory costs such as property taxes, maintenance and insurance.

INSTALLED BUILDING PRODUCTS, INC.
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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Future minimum lease payments under noncancellable operating leases (with initial or remaining lease terms in excess of one year) and future minimum capital lease payments as of December 31, 2012 are as follows:

	Capital leases		Operating Leases	
		Related party	Other	Total Operating
2013	\$ 4,546	\$ 446	\$ 4,357	\$ 4,803
2014	3,815	396	3,343	3,739
2015	2,752	273	2,032	2,305
2016	1,862	180	1,442	1,622
2017	828	89	943	1,032
Thereafter			3,589	3,589
	<u>13,803</u>	<u>\$ 1,384</u>	<u>\$15,706</u>	<u>\$ 17,090</u>
Less: Amounts representing interest	(1,619)			
Total obligation under capital leases	<u>12,184</u>			
Less: Current portion of capital leases	(3,822)			
Long-term capital lease obligation	<u>\$ 8,362</u>			

Total rent expense under these operating leases for years ended December 31, 2011 and 2012 was \$5,906 and \$6,343, respectively, which is included in the Consolidated Statements of Operations as follows:

	Year Ended	
	December 31, 2011	December 31, 2012
Cost of Sales	\$ 382	\$ 435
Selling	173	113
Administrative	5,351	5,795
Total	<u>\$ 5,906</u>	<u>\$ 6,343</u>

Supply Contract Commitments

As of December 31, 2011 and December 31, 2012, we had two product supply contracts with minimum purchase requirements at market rates. The terms of the contracts extend through December 31, 2014 and August 31, 2017. The contract commitments are disclosed in the table below. We expect our quantity purchases to exceed the minimum quantity commitments for all years covered by the contracts. Actual purchases made under the contracts for the years ended December 31, 2011 and December 31, 2012 were \$4,636 and \$13,804, respectively. Purchase obligations under the contracts as of December 31, 2012 were as follows:

	Payments due by period				
	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Purchase Obligations	\$7,500	\$ 2,500	\$ 5,000	\$ —	\$ —

Other Commitments and Contingencies

A class action lawsuit was filed on February 11, 2013 and an amended complaint was filed on May 15, 2013 in the Superior Court of King County, Washington, against us, alleging violations of Washington State wage and

INSTALLED BUILDING PRODUCTS, INC.
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hour laws for failure to pay prevailing and minimum wage and overtime wages. The plaintiffs are former insulation installers for Installed Building Products II, LLC, one of our subsidiaries, in Washington who seek to represent all similarly situated workers. They seek all unpaid wages, along with litigation costs and fees. We believe we have meritorious defenses to the allegations and intend to vigorously defend against the case.

A lawsuit was filed on July 23, 2013 in federal court in the Middle District of Tennessee against one of our subsidiaries, TCI Contracting LLC (“TCI”) d/b/a Installed Building Products of Nashville, alleging unpaid overtime and failure to pay lawful wages under federal law, Tennessee common law and in unjust enrichment and in breach of an alleged contract. The named plaintiffs are former insulation installers in Nashville. The plaintiffs seek to have this case certified as a collective action under the Federal Fair Labor Standards Act and as a class action under Tennessee law. They seek reimbursement of the overtime wages for all time worked over forty hours each week, as well as liquidated damages and litigation costs and fees. We believe we have meritorious defenses to the allegations and intend to vigorously defend against the case.

The ultimate liabilities, if any, with respect to the two employment-related cases disclosed above cannot be determined at this time, and we are currently unable to estimate a range of reasonably possible losses associated with the litigation. As such, we have not accrued a liability relating to these matters as of December 31, 2012.

From time to time, various claims and litigation are asserted or commenced against us principally arising from contractual matters and personnel and employment disputes. In determining loss contingencies, management considers the likelihood of loss as well as the ability to reasonably estimate the amount of such loss or liability. An estimated loss is recorded when it is considered probable that such a liability has been incurred and when the amount of loss can be reasonably estimated. It is not certain that we will prevail in these matters. However, we do not believe that the ultimate outcome of any pending matters will have a material adverse effect on our consolidated financial position, results of operations or cash flows.

NOTE 12 – BUSINESS COMBINATIONS

As part of our ongoing strategy to increase market share in certain markets, we acquired two businesses during 2012 (TCI and Accurate Building Products Inc., “Accurate”). In connection with these business combinations the Company entered into non-competition agreements with the former owners.

TCI

On August 31, 2012 the Company acquired 100% of the outstanding membership interest of TCI and 87.5% of the issued and outstanding capital stock of a subsidiary of TCI. Simultaneous with the purchase of TCI, IBP purchased the remaining 12.5% of issued and outstanding capital stock of the subsidiary for \$571, which was paid in the form of a seller note.

The purchase price consisted of 11.5% (or 2,533,908 shares) of IBP common stock, which was valued at \$4,100 at the date of the transaction.

The results of operations of the business and its subsidiary are included in the Consolidated Financial Statements from August 31, 2012, the date of acquisition. The revenue and net loss of TCI since the acquisition date included in the Company’s Consolidated Statement of Operations for the year ended December 31, 2012 were \$12,354 and (\$1,144), respectively.

INSTALLED BUILDING PRODUCTS, INC.
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Accurate

On November 16, 2012, the Company acquired 100% of the membership interests of Accurate which was not significant within the meaning of Regulation S-X under the Securities Act of 1933, as amended (the "Securities Act") . The purchase price consisted of cash of \$1,198 and a note for \$80. The revenue and net income of Accurate since the date of acquisition included in the Company's Consolidated Statement of Operations for the year ended December 31, 2012 were \$1,743 and \$126, respectively.

The estimated fair values of the assets acquired and liabilities assumed for both the TCI and Accurate acquisitions approximated the following:

	TCI	Accurate
Cash	\$ 317	\$ 58
Accounts receivable	3,880	1,606
Inventory	1,984	564
Note receivable	—	171
Other current assets	244	47
Property and equipment	285	183
Intangibles	4,390	1,123
Goodwill	834	—
Accounts payable and accrued expenses	(5,815)	(2,037)
Deferred tax liability	(1,387)	—
Long-term debt	(61)	(437)
Total purchase price	4,671	1,278
Fair value of common stock issued	4,100	—
Seller notes and obligations	571	80
Cash paid	—	1,198
Total purchase price	<u>\$ 4,671</u>	<u>\$ 1,278</u>

Estimates of acquired intangible assets related to the TCI and Accurate acquisitions are as follows:

	TCI		Accurate	
	Estimated Fair Value	Weighted Average Estimated Useful Life (yrs)	Estimated Fair Value	Weighted Average Estimated Useful Life (yrs)
<u>Acquired Intangible Assets</u>				
Customer relationships	\$ 2,500	10	\$ 741	10
Trade names	1,820	8	247	15
Non-competition agreements	70	2	135	3

INSTALLED BUILDING PRODUCTS, INC.
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Pro Forma Information (unaudited)

The unaudited pro forma information has been prepared as if the TCI and Accurate acquisitions had taken place on January 1, 2011. The unaudited pro forma information is not necessarily indicative of the results that we would have achieved had the transactions actually taken place on January 1, 2011, and the unaudited pro forma information does not purport to be indicative of future financial operating results.

	Pro forma for the years ended December 31,	
	2011	2012
Net revenue	\$ 277,834	\$ 331,501
Net loss	(13,951)	(3,200)
Net income/(loss) attributable to common stockholders	68,657	(8,729)
Net income/(loss) per share attributable to common stockholders (basic and diluted)	3.12	(0.40)

Unaudited pro forma net income has been calculated after adjusting the combined results of the Company to reflect additional intangible asset amortization expense of \$648 and \$455, for the years ended December 31, 2011 and 2012, respectively.

See Note 15, Subsequent Events, for disclosures regarding the acquisition of Ace Insulation (“Ace”), which took place after the balance sheet date, but before the issuance of these consolidated financial statements.

NOTE 13 – DISCONTINUED OPERATIONS

During the year ended December 31, 2012, we made the decision to close our branches in Erie, Pennsylvania and Knoxville, Tennessee. During the year ended December 31, 2011, we made the decision to close the following six branches: Tyler, Texas; Augusta, Georgia; Jacksonville, Florida; Salt Lake City, Utah; Philadelphia, Pennsylvania; and Phoenix, Arizona. We have presented the operations of these closed branches as discontinued operations in the Consolidated Statements of Operations for the years ended December 31, 2011 and 2012.

All closures made during the years ended December 31, 2011 and 2012 were made in order to optimize capital and resource allocations and enhance our financial position. We have no continuing involvement with or cash flows from the closed branches. Further, the customers associated with closed branches and other discontinued operations will not be served by other branches. A summary of operations we discontinued in these markets for the years ended December 31, 2011 and 2012 is as follows:

	Years ended December 31,	
	2011	2012
Net revenue	\$ 9,574	\$ 4,020
(Loss) income from discontinued operations, before income taxes	(2,455)	3,835
Income tax benefit (expense)	660	(1,447)
(Loss) income from discontinued operations, after tax	\$ (1,795)	\$ 2,388

For the year ended December 31, 2012, pre-tax net income from discontinued operations includes a gain of \$4,500 relating to a payment received for a cancelled vendor contract at one of our closed operations.

INSTALLED BUILDING PRODUCTS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(in thousands, except share amounts)

NOTE 14 – (LOSS) INCOME PER COMMON SHARE

Basic net (loss) income per share is calculated by dividing net (loss) income attributable to common stockholders by the weighted average shares outstanding during the period, without consideration for common stock equivalents. As IBP only had common shares outstanding subsequent to the Recapitalization on November 4, 2011, the weighted average shares outstanding for 2011 assumed the shares issued at the date of the Recapitalization were issued and outstanding for the full year.

Diluted net (loss) income per share is calculated by adjusting weighted average shares outstanding for the dilutive effect of common share equivalents outstanding for the period, determined using the treasury stock method. There were no common stock equivalents with a dilutive effect during the years ended December 31, 2011 and 2012 and therefore, basic and diluted net (loss) income per share were the same for all periods presented. Income (loss) attributable to common stockholders includes the accretion of Series A Preferred Stock in 2011 and 2012 and the accretion of Pre-Recapitalization Preferred Units and the gain on extinguishment of Pre-Recapitalization Preferred Units in 2011.

NOTE 15 – SUBSEQUENT EVENTS

We have evaluated events and transactions occurring subsequent to the balance sheet date of December 31, 2012 through December 9, 2013, the date on which the financial statements were issued, for items that should be recognized or disclosed in these Consolidated Financial Statements.

Effective November 30, 2013, the Employee Puts between Jeffrey Edwards and our other executive officers were terminated.

The Management Services and Fee Agreement, dated as of December 18, 2012, among the Company, Littlejohn Managers, LLC, Jeffrey Edwards, IBP Holding Company and TCI Holdings, LLC was terminated on November 22, 2013.

On March 16, 2013 the Company acquired 100% of the membership interests of Ace, which was not significant within the meaning of Regulation S-X under the Securities Act.

The estimated fair values of the assets acquired and liabilities assumed for the Ace acquisition are as follows:

	<u>Ace</u>
Accounts receivable	\$ 213
Inventory	14
Property and equipment	263
Intangibles	1,106
Accounts payable and accrued expenses	<u>(609)</u>
Total purchase price	<u>\$ 987</u>
Seller notes and obligations	300
Cash paid	687
Total purchase price	<u>\$ 987</u>

INSTALLED BUILDING PRODUCTS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(in thousands, except share amounts)

Estimates of acquired intangible assets related to the acquisition are as follows:

Acquired Intangible Assets	Ace	
	Estimated fair value	Weighted average estimated useful life (yrs)
Customer relationships	\$ 826	10
Trademarks and trade names	280	15

Pro Forma Information (unaudited)

The unaudited pro forma information has been prepared as if the acquisition had taken place on January 1, 2011. The unaudited pro forma information is not necessarily indicative of the results that we would have achieved had the transactions actually taken place on January 1, 2011, and the unaudited pro forma information does not purport to be indicative of future financial operating results.

	Pro forma for the year ended December 31,	
	2011	2012
Net revenue	\$242,856	\$304,638
Net loss	(9,137)	(2,200)
Net income (loss) attributable to common stockholders	73,471	(7,729)
Net income (loss) per share attributable to common stockholders (basic and diluted)	3.77	(0.38)

Unaudited pro forma net income has been calculated after adjusting the combined results of the Company to reflect additional intangible asset amortization expense of \$101 for both of the years ended December 31, 2011 and 2012.

On January 30, 2014 the Board of Directors authorized an increase in the number of shares of Common stock to 100,000,000 at a par value of \$0.01 and an increase in the number of shares of Preferred stock to 5,001,000 at a par value of \$0.01, 1,000 of which are designated as Series A Preferred Stock. On the same date, the Board of Directors approved a 19.5-for-1 stock split of the Company's common stock, which will become effective prior to the effectiveness of the registration statement for the initial public offering of the Company's common stock. The effect of the split on authorized, issued and outstanding shares and income (loss) per common share has been retroactively applied to all periods presented.

INSTALLED BUILDING PRODUCTS, INC.
CONSOLIDATED BALANCE SHEETS
(in thousands, except for par value and share amounts)

	As of December 31, 2012	As of June 30, 2013
ASSETS		
Current assets		
Cash	\$ 3,898	\$ 3,853
Restricted cash	1,803	1,708
Accounts receivable (less allowance for doubtful accounts of \$1,412 and \$1,548 as of December 31, 2012 and June 30, 2013, respectively)	46,100	56,057
Accounts receivable, related parties	774	366
Inventories	16,718	19,130
Deferred income taxes	726	147
Income taxes receivable	—	1,523
Prepaid expenses, related parties	396	—
Other current assets	5,353	5,051
Total current assets	75,768	87,835
Property and equipment, net	17,931	26,824
Other non-current assets		
Goodwill	49,146	49,146
Intangibles, net	15,023	14,631
Other non-current assets	2,884	3,060
Total non-current assets	67,053	66,837
Total assets	<u>\$ 160,752</u>	<u>\$ 181,496</u>
LIABILITIES, REDEEMABLE INSTRUMENTS AND STOCKHOLDERS' EQUITY		
Current liabilities		
Current maturities of long-term debt	\$ 186	\$ 264
Current maturities of capital lease obligations	3,822	6,671
Accounts payable	34,330	36,351
Accounts payable, related parties	2,133	3,660
Income taxes payable	2,562	—
Accrued compensation	7,562	8,562
Other current liabilities	2,202	2,789
Total current liabilities	52,797	58,297
Long-term debt	17,705	29,511
Capital lease obligations, less current maturities	8,362	13,254
Put option – Series A Preferred Stock	782	519
Deferred income taxes	12,101	10,867
Other long-term liabilities	9,626	8,973
Total liabilities	101,373	121,421
Commitments and contingencies (Note 11)		
Series A Preferred Stock; \$0.01 par value: 1,000 authorized, issued and outstanding as of December 31, 2012 and June 30, 2013, respectively (Note 15)	49,615	52,634
Redeemable Common Stock; \$0.01 par value: 5,850,000 authorized, issued and outstanding as of December 31, 2012 and June 30, 2013, respectively (Note 15)	17,246	47,620
Stockholders' equity		
Common Stock; \$0.01 par value: 27,200,862 shares authorized and 16,183,901 shares issued and outstanding as of December 31, 2012 and June 30, 2013, respectively (Note 15)	162	162
Additional paid in capital	3,959	—
Accumulated deficit	(11,603)	(40,341)
Total stockholders' equity	(7,482)	(40,179)
Total liabilities, redeemable instruments and stockholders' equity	<u>\$ 160,752</u>	<u>\$ 181,496</u>

See accompanying notes to consolidated financial statements.

INSTALLED BUILDING PRODUCTS, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except share and per share amounts)

	Six months ended June 30,	
	2012 (unaudited)	2013
Net revenue	\$ 129,548	\$ 196,649
Cost of sales	97,574	148,120
Gross profit	31,974	48,529
Operating expenses		
Selling	9,765	11,908
Administrative	28,056	32,300
Amortization	1,463	1,544
Other	(916)	—
Operating (loss) income	(6,394)	2,777
Other expense (income)		
Interest expense	863	1,044
Other	(149)	(164)
	714	880
(Loss) income before income taxes	(7,108)	1,897
Income tax provision	589	704
Net (loss) income from continuing operations	(7,697)	1,193
Discontinued operations		
Loss from discontinued operations	320	773
Income tax benefit	(121)	(276)
Loss from discontinued operations, net of income taxes	199	497
Net (loss) income	\$ (7,896)	\$ 696
Accretion charges on Series A Redeemable Preferred Stock	(2,683)	(3,019)
Net loss attributable to common stockholders	\$ (10,579)	\$ (2,323)
Weighted average shares outstanding (basic and diluted)	19,499,993	22,033,901
Net loss per share (basic and diluted)		
Loss per share from continuing operations attributable to common stockholders (basic and diluted)	\$ (0.53)	\$ (0.09)
Loss per share from discontinued operations attributable to common stockholders (basic and diluted)	(0.01)	(0.02)
Loss per share attributable to common stockholders (basic and diluted)	<u>\$ (0.54)</u>	<u>\$ (0.11)</u>

See accompanying notes to consolidated financial statements.

INSTALLED BUILDING PRODUCTS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Six months ended June 30, 2012 (unaudited)	2013
Cash flows from operating activities		
Net (loss) income	\$ (7,896)	\$ 696
Adjustments to reconcile net (loss) income to net cash used in by operating activities		
Depreciation and amortization of property and equipment	2,000	3,554
Amortization of intangibles	1,463	1,544
Amortization of deferred financing costs	87	87
Provision for doubtful accounts	583	532
Gain on sale of property and equipment	(189)	(191)
Noncash stock compensation	4,574	—
Deferred income taxes	104	(655)
Other	(97)	(263)
Changes in assets and liabilities, excluding effects of acquisitions		
Accounts receivable	(2,741)	(9,868)
Inventories	(1,290)	(2,399)
Other assets	(2,406)	(165)
Accounts payable	3,561	3,258
Income taxes payable	753	(4,302)
Other liabilities	(1,170)	618
Net cash used in operating activities	<u>(2,664)</u>	<u>(7,554)</u>
Cash flows from investing activities		
Restricted cash	—	95
Purchases of property and equipment	(780)	(1,421)
Cash paid for businesses acquired	—	(687)
Proceeds from sale of property and equipment	231	972
Proceeds from insurance	833	—
Net cash provided by (used in) provided by investing activities	<u>284</u>	<u>(1,041)</u>
Cash flows from financing activities		
Proceeds from revolving line of credit, net	5,417	11,696
Principal payments on other notes payable	(20)	(425)
Payments on capital lease obligations	(1,153)	(2,721)
Net cash provided by financing activities	<u>4,244</u>	<u>8,550</u>
Net change in cash	1,864	(45)
Cash at beginning of period	2,528	3,898
Cash at end of period	<u>\$ 4,392</u>	<u>\$ 3,853</u>
Supplemental disclosures of cash flow information		
Net cash paid during the period for:		
Interest	\$ 745	\$ 964
Income taxes, net of refunds	117	6,181
Supplemental disclosure of noncash investing and financing activities		
Vehicles capitalized under capital leases and related lease obligations	2,330	10,990
Note payable issued in connection with acquisition of business	—	300

See accompanying notes to consolidated financial statements.

INSTALLED BUILDING PRODUCTS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(in thousands, except share amounts)

NOTE 1 – ORGANIZATION

Installed Building Products, Inc. (“IBP”, formerly CCIB Holdco, Inc.), a Delaware corporation formed on October 28, 2011, and its wholly owned subsidiaries (collectively referred to as the “Company” and “we”, “us” and “our”), primarily install insulation, garage doors, rain gutters, shower doors, closet shelving and mirrors and other products for residential and commercial builders located in the continental United States. IBP operates in over 100 locations within the continental United States and its corporate office is located in Columbus, Ohio.

We have one operating segment and a single reportable segment. Substantially all of our sales come from service based installation of various products in the existing and new residential and commercial construction end markets. Each of our branches has the capacity to serve all of our end markets. For the six months ended June 30, 2012, 85.0% of our net revenue was attributable to new and existing residential construction, whereas 15.0% was attributable to commercial construction. For the six months ended June 30, 2013, 88.4% of our net revenue was attributable to new and existing residential construction, with the remaining 11.6% attributable to commercial construction. The Company has no international sales. All of the Company’s identifiable assets are in the continental United States.

All amounts as of and for the period ended June 30, 2012 are unaudited.

The following is a summary of the percentage of installation net revenue by product category:

	Six months ended June 30,	
	2012	2013
Insulation	74%	74%
Garage Doors	9%	8%
Shower doors, shelving & mirrors	6%	6%
Rain gutters	5%	6%
Other building products	6%	6%

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIESBasis of Presentation and Principles of Consolidation

The Company prepares its consolidated financial statements in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”). The accompanying consolidated financial statements include all wholly owned subsidiaries and majority owned subsidiaries. The non-controlling interest relating to majority owned subsidiaries is not significant for presentation. All significant intercompany accounts and transactions have been eliminated.

Use of Estimates

Preparation of the consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include the allowance for doubtful accounts, valuation allowance on deferred tax assets, valuation of the reporting unit, intangible assets and other long-lived assets, share based compensation, reserves for general liability, workers’ compensation and medical insurance and common stock and preferred stock. Management believes the accounting estimates are appropriate and reasonably determined; however, due to the inherent uncertainties in making these estimates, actual amounts could differ from such estimates.

INSTALLED BUILDING PRODUCTS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(in thousands, except share amounts)

Cash and Cash Equivalents

We consider all highly liquid investments purchased with original term to maturity of three months or less to be cash equivalents. Substantially all cash and cash equivalents are held in one bank. The bank provides FDIC coverage of \$250 per depositor. Included in accounts payable are outstanding checks of \$1,480 and \$2,567 as of December 31, 2012 and June 30, 2013, respectively. Included in accrued compensation are outstanding checks of \$506 and \$892 as of December 31, 2012 and June 30, 2013, respectively. We manage our cash to a zero balance account and borrow funds under our Revolving Line of Credit (the "LOC") to cover outstanding checks. Refer to Note 5, Long-Term Debt for further details on the LOC.

Restricted Cash

Restricted cash consists of deposits held by our insurance carrier for general liability and workers' compensation reserves. Restricted cash is not considered cash and cash equivalents for purposes of the statements of cash flows. Classification between current and long-term is dependent upon the timing of the intended use of each particular reserve.

Revenue Recognition

Revenue from the sale and installation of products is recognized when all of the following have occurred: (i) persuasive evidence of an arrangement exists, (ii) delivery has occurred or services have been rendered, (iii) the price is fixed or determinable and (iv) the ability to collect is reasonably assured. Revenue is recognized net of adjustments and discounts.

Revenue from the sale and installation of products to customers is recognized at the time the installation is complete.

Business Combinations

The purchase price for business combinations is allocated to the estimated fair values of acquired tangible and intangible assets and assumed liabilities, including goodwill, where applicable. Additionally, we recognize customer relationships, trademarks and trade names, and non-competition agreements as identifiable intangible assets. These assets are recorded at fair value as of the transaction date. The fair value of these intangibles is determined primarily using the income approach and using current industry information which involves significant unobservable inputs (Level 3 inputs). These inputs include projected sales, margin, and tax rate.

Accounts Receivable

The Company accounts for trade receivables based on amounts billed to customers. Past due receivables are determined based on contractual terms. The Company does not accrue interest on any of its trade receivables.

Allowance for Doubtful Accounts

The Company maintains an allowance for doubtful accounts for estimated losses resulting from the failure of customers to make required payments. The allowance is determined by management based on the Company's historical losses, specific customer circumstances, and general economic conditions. The Company analyzes aged accounts receivable and generally increases the allowance as receivables age. Management reviews

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accounts receivable and records an allowance for specific customers based on current circumstances and charges off the receivable against the allowance when all attempts to collect the receivable have failed. This analysis is performed regularly and the allowance is adjusted accordingly.

<u>Allowance for doubtful accounts receivable</u>	
January 1, 2012	\$ 1,571
Charged to costs and expenses	\$ 583
Charged to other accounts (1)	172
Deductions (2)	(531)
June 30, 2012	<u>\$ 1,795</u>
January 1, 2013	\$ 1,412
Charged to costs and expenses	532
Charged to other accounts (1)	172
Deductions (2)	(568)
June 30, 2013	<u>\$ 1,548</u>

- (1) Recovery of receivables previously written-off as bad debt.
(2) Write-off of uncollectible accounts receivable.

Concentration of Credit Risk

Credit risk is the risk of financial loss to the Company from the non-performance of a contractual obligation on the part of the Company's counterparty. Such risk arises principally from the Company's receivables from customers and cash and bank balances. Substantially all of the Company's trade accounts receivable are from entities engaged in residential and commercial construction. The Company performs periodic credit evaluations of its customers' financial condition. The general credit risk of the Company's counterparties is not considered to be significant. In addition, no individual customer made up more than 3.0% of net revenue for the six months ended June 30, 2012 and 2013.

Inventories

Inventories consist of insulation, garage doors, rain gutters, shower doors, mirrors, closet shelving and other products. We install these products but do not manufacture or modify them. We value inventory at the lower of cost or market with cost determined using the first-in, first-out ("FIFO") method. As of December 31, 2012 and June 30, 2013, all inventory was finished goods.

Property and Equipment

Property and equipment are stated at cost, less accumulated depreciation. The Company provides for depreciation and amortization of property and equipment using the straight-line method, over the expected useful lives of the assets. Leasehold improvements are amortized over the shorter of the useful life or the remaining lease term.

Expected useful lives of property and equipment vary but generally are the shorter of lease life or five years for vehicles, three to five years for furniture, fixtures and equipment, shorter of lease life or five years for leasehold improvements and 30 years for buildings.

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Major renewals and improvements are capitalized. Maintenance, repairs and minor renewals are expensed as incurred. When assets are retired or otherwise disposed of, the related cost and accumulated depreciation are removed from the accounts and any resulting gain or loss is recorded.

Goodwill

Goodwill results from business combinations and represents the excess of the purchase price over the fair value of acquired tangible assets and liabilities and identifiable intangible assets. Annually, on December 31, or if conditions indicate an earlier review is necessary, we assess qualitative factors to determine if it is more likely than not that the fair value of a reporting unit is less than its carrying amount and if it is necessary to perform the quantitative two-step goodwill impairment test. If we perform the quantitative test, we compare the carrying value of the reporting unit to an estimate of the reporting unit's fair value to identify potential impairment. The estimate of the reporting unit's fair value is determined by weighting a discounted cash flow model and a market-related model using current industry information that involve significant unobservable inputs (Level 3 inputs). In determining the estimated future cash flow, we consider and apply certain estimates and judgments, including current and projected future levels of income based on management's plans, business trends, prospects and market and economic conditions and market-participant considerations. If the estimated fair value of the reporting unit is less than the carrying value, a second step is performed to determine the amount of the potential goodwill impairment. If impaired, goodwill is written down to its estimated implied fair value.

Impairment of Other Intangible and Long-Lived Assets

Other intangible assets consist of customer relationships, non-competition agreements and business trademarks and trade names. Amortization of finite lived intangible assets is recorded to reflect the pattern of economic benefits based on projected revenues over their respective estimated useful lives (customer relationships – 10 years, non-competition agreements – two to five years and business trademarks and trade names – eight to 15 years). We do not have any indefinite-lived intangible assets.

We review long-lived assets whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. An impairment loss is recognized when estimated future cash flows expected to result from the use of an asset and its eventual disposition are less than its carrying amount. When impairment is identified, the carrying amount of the asset is reduced to its estimated fair value. Assets to be disposed of are recorded at the lower of net book value or fair market value less cost to sell at the date management commits to a plan of disposal. Based upon our assessments no impairment charges were recorded during the six months ended June 30, 2012 or June 30, 2013.

Other Liabilities

Our workers' compensation insurance is primarily under a high-deductible insurance policy and our general liability insurance is under a self-insured retention program ("SIR"). We are insured for covered claims above the deductible and SIR. The liabilities represent our best estimate of our costs, using generally accepted actuarial reserving methods, of the ultimate obligations for reported claims plus those incurred but not reported for all claims incurred through December 31, 2012 and June 30, 2013. We establish case reserves for reported claims using case-basis evaluation of the underlying claims data and we update as information becomes known.

The assumptions underlying the ultimate costs of existing claim losses are subject to a high degree of unpredictability, which can affect the liability recorded for such claims. For example, variability in inflation rates

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of health care costs inherent in workers' compensation claims can affect the ultimate costs. Similarly, changes in legal trends and interpretations, as well as a change in the nature and method of how claims are settled can affect ultimate costs. Our estimates of liabilities incurred do not anticipate significant changes in historical trends for these variables, and any changes could have a considerable effect on future claim costs and currently recorded liabilities.

Advertising Costs

Advertising costs are expensed as incurred. Advertising expense was approximately \$1,036 and \$788 for the six months ended June 30, 2012 and 2013, respectively, and is included in selling expense on the Consolidated Statements of Operations.

Deferred Financing Costs

Deferred financing costs are amortized over the term of the related debt using the effective interest method. The related amortization expense of these costs was \$87 and \$87 and is included in interest expense on the Consolidated Statements of Operations for the six months ended June 30, 2012 and 2013, respectively. Deferred financing costs are included in other long-term assets on the Consolidated Balance Sheets and were \$496 and \$408, net as of December 31, 2012 and June 30, 2013, respectively.

Share-Based Compensation

In 2010, IBP Management Holdings, LLC, one of our stockholders, and in 2011, IBP Investment Holdings, LLC, one of our principal stockholders, issued membership interests in their equity to certain of our employees (the "Awards"). Certain of these employees were granted Employee Puts.

In 2010, when the employees received the Awards, the then fair value of the Awards less any consideration in exchange for the Awards was recorded as compensation expense. In accordance with the terms of the Awards, they were deemed equity-classified instruments as there is no service or vesting period associated with these Awards and all compensation expense was recognized upon issuance.

Upon issuance of the Employee Puts, the then fair value of the Employee Puts received was recorded as compensation expense over the service period, if applicable. The Employee Puts are deemed to be liability-classified instruments that are directly associated with the Awards. As such, both the Awards and the Employee Puts are accounted for as liability-classified instruments as of the issuance date of the Employee Put. During the period for which the Employee Puts are exercisable, both the Employee Puts and the associated Awards are remeasured to fair value each reporting period.

It is assumed that Employee Puts will be exercised at the greater of the fixed price or fair market value. In the absence of a publicly traded market, the fair market value of the Employee Puts and underlying units are estimated primarily using discounted cash flow and, secondarily, using other market-related models that factor in current industry trends. In determining the estimated future cash flow, we consider and apply certain estimates and judgments, including current and projected future levels of income based on management's plans, business trends, prospects and market and economic conditions and market-participant considerations. The adjustment to the carrying fair value is based upon an equity rate of return for a public company in our industry with similar financial trends and characteristics. The fair value of the Company's common stock is used to determine the value of the Employee Puts based on their ownership interest.

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Because the awards were granted by a related party as compensation to employees of the Company, the compensation associated with the awards was pushed down by the related parties and recorded as a non-cash expense in the Company's Consolidated Statements of Operations during the six months ended June 30, 2012 and June 30, 2013.

Income Taxes

The Company accounts for income taxes using the asset and liability method. Under this method, the amount of taxes currently payable or refundable are accrued, and deferred tax assets and liabilities are recognized for the estimated future tax consequences of temporary differences that currently exist between the tax basis and financial reporting basis of the Company's assets and liabilities.

Valuation allowances are established against deferred tax assets when it is more likely than not that the realization of those deferred tax assets will not occur. In evaluating our ability to recover our deferred tax assets within the jurisdiction from which they arise, we consider all available positive and negative evidence, including scheduled reversals of deferred tax liabilities, the ability to produce future taxable income, tax planning strategies available and recent financial operations. In projecting future taxable income, we begin with historical results adjusted for the results of discontinued operations and changes in accounting policies and incorporate assumptions including the amount of future federal and state pretax operating income, the reversal of temporary differences and the implementation of feasible and prudent tax planning strategies. These assumptions require significant judgment about the forecasts of future taxable income and are consistent with the plans and estimates we use to manage the underlying businesses.

Deferred tax assets and liabilities are measured using the enacted tax rates in effect in the years when those temporary differences are expected to reverse. The effect on deferred taxes from a change in tax rate is recognized through continuing operations in the period that includes the enactment date of the change. Changes in tax laws and rates could also affect recorded deferred tax assets and liabilities in the future. Management is not aware of any such changes that would have a material effect on the Company's results of operations, cash flows or financial position.

A tax benefit from an uncertain tax position may be recognized when it is more likely than not that the position will be sustained upon examination, including resolutions of any related appeals or litigation processes, based on the technical merits. Income tax positions must meet a more likely than not recognition threshold to be recognized.

The Company recognizes tax liabilities for uncertain tax positions and adjusts these liabilities when the Company's judgment changes as a result of the evaluation of new information not previously available. Due to the complexity of some of these uncertainties, the ultimate resolution may result in a payment that is materially different from the current estimate of the tax liabilities. These differences will be reflected as increases or decreases to income tax expense and the effective tax rate in the period in which the new information becomes available. Interest and penalties related to unrecognized tax benefits are recognized within income tax expense in the Consolidated Statements of Operations. Accrued interest and penalties are recognized in accrued expenses on the Consolidated Balance Sheets.

Our income tax expense, deferred tax assets and liabilities and reserves for unrecognized tax benefits reflect management's best assessment of estimated future taxes to be paid. We are subject to income taxes in the United States which includes numerous state and local jurisdictions. Significant judgments and estimates are required in determining the income tax expense, deferred tax assets and liabilities and the reserve for unrecognized tax benefits.

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Discontinued Operations

We continually review each of our markets in order to refine our overall investment strategy and to optimize capital and resource allocations in an effort to enhance our financial position and to increase Company value. This review entails an evaluation of both external market factors and our position in each market and over time has resulted in the decision to discontinue certain locations. Customers of discontinued locations will not be served by other locations. There were no material assets or liabilities related to our discontinued operations as of December 31, 2012 or June 30, 2013. Discontinued operations were not segregated in the Consolidated Statements of Cash Flows.

Estimated Fair Value of Financial Instruments

Accounts receivable, accounts payable and accrued liabilities as of December 31, 2012 and June 30, 2013 approximate their fair value due to the short-term maturities of these financial instruments. The carrying amounts of the long-term debt under the revolving lines of credit approximate their fair value as of December 31, 2012 and June 30, 2013 due to the short term maturities of the underlying variable rate LIBOR agreements. This represents a Level 2 fair value measurement.

Recently Adopted Accounting Pronouncements

In May 2011, the Financial Accounting Standards Board (“FASB”) issued ASU No. 2011-04, Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRS (“ASU 2011-04”). The amendments in this ASU are intended to improve the comparability of fair value measurements presented and disclosed in financial statements prepared in accordance with U.S. GAAP and International Financial Reporting Standards (“IFRS”). The amendments in this ASU explain how to measure fair value. They do not require additional fair value measurements and are not intended to establish valuation standards or affect valuation practices outside of financial reporting. The guidance is effective for fiscal years, and interim periods within those years, beginning after December 15, 2011. The Company adopted the provisions of ASU 2011-04 on January 1, 2012. The adoption did not have a material impact on the Company’s financial position or results of operations.

Recently Issued Accounting Pronouncements Not Yet Adopted

As of June 30, 2013, there are no recently issued accounting standards not yet adopted that would have a material effect on the Company’s financial statements.

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NOTE 3 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

	As of December 31, 2012	As of June 30, 2013
Land	\$ 66	\$ 66
Buildings	218	218
Leasehold improvements	3,492	3,496
Furniture, fixtures and equipment	16,606	14,932
Vehicles and equipment	47,814	57,154
	68,196	75,866
Less: accumulated depreciation and amortization	(50,265)	(49,042)
	<u>\$ 17,931</u>	<u>\$ 26,824</u>

Property and equipment as of December 31, 2012 and June 30, 2013 of \$38,742 and \$37,570, respectively, were fully depreciated. Depreciation expense during the six months ended June 30, 2012 and 2013 was \$2,000 and \$3,554, respectively.

NOTE 4 – GOODWILL AND INTANGIBLES

The Company's goodwill was tested for impairment as of December 31, 2012. Going forward we have moved our goodwill impairment assessment date to October 1.

Intangibles, net

The following table provides the gross carrying amount and accumulated amortization for each major class of intangibles:

	As of December 31, 2012			As of June 30, 2013		
	Gross Carrying Amount	Accumulated Amortization	Net Book Value	Gross Carrying Amount	Accumulated Amortization	Net Book Value
Amortized intangibles:						
Customer relationships	\$20,439	\$ 12,425	\$ 8,014	\$21,268	\$ 13,428	\$ 7,840
Non-competition agreements	1,021	761	260	1,061	857	204
Trademarks and trade names	11,545	4,796	6,749	11,827	5,240	6,587
	<u>\$33,005</u>	<u>\$ 17,982</u>	<u>\$15,023</u>	<u>\$34,156</u>	<u>\$ 19,525</u>	<u>\$14,631</u>

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Amortization expense on intangible assets totaled \$1,400 and \$1,544 during the six months ended June 30, 2012 and 2013, respectively. Remaining estimated aggregate annual amortization expense is as follows:

2013	\$ 1,498
2014	2,606
2015	2,416
2016	2,090
2017	1,501
Thereafter	4,520

NOTE 5 – LONG-TERM DEBT

Debt consists of the following:

	As of December 31, 2012	As of June 30, 2013
Revolving Lines of Credit	\$ 17,231	\$ 28,928
Various notes payable, maturing through December 2016; payable in various monthly installments, including interest rates ranging from 0.0% to 8.5%	660	847
	17,891	29,775
Less: current maturities	(186)	(264)
Long-term debt, less current maturities	\$ 17,705	\$ 29,511

We are a party to a revolving loan and security agreement with a lender (the "Credit Agreement"). The Credit Agreement provides for a Revolving Line of Credit (the "LOC") with a maximum limit of \$50,000. The LOC is due May 4, 2016 with interest at either 1) the Eurodollar rate ("LIBOR") or 2) the Alternate Base Rate (which approximates the Prime Rate), plus a margin based on the type of rate applied. The Company had \$16,000 and \$27,000 outstanding on the LOC at 1-month LIBOR including margin (2.25% - 3.75%) as of December 31, 2012 and June 30, 2013, respectively. The Company also had \$1,231 and \$1,928 outstanding on the LOC at the Alternate Base Rate including margin (4.25%) as of December 31, 2012 and June 30, 2013, respectively.

The LOC permits borrowings based on a stated percentage of eligible accounts receivable and inventories. The borrowings on the LOC are also subject to a minimum availability reserve. The Company had available borrowings of \$15,492 and \$13,795 under its LOC as of December 31, 2012 and June 30, 2013, respectively. In addition, the Company is required to pay a monthly fee of 0.375% per annum on the average unused commitment under the LOC. Amounts outstanding under the Credit Agreement are collateralized by a first lien security position on all assets, including, but not limited to, all real estate, property, equipment, receivables and inventories.

The Credit Agreement also contains various restrictive non-financial covenants that include more frequent borrowing base reporting if the minimum availability falls below a certain threshold, and several limitations on specific changes that would result in incurring additional debts or pledging the Company's assets, including

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restrictions on distributions to be made to our stockholders. The Credit Agreement also contains a provision that upon a change in control or an event of default (as defined within the Credit Agreement), amounts outstanding under the LOC would bear interest at the rate as determined above plus 2%.

The Credit Agreement also allows the Company to issue Letters of Credit not to exceed \$10,000 in the aggregate. To support the Company's insurance programs, there were outstanding Letters of Credit of \$7,278 as of December 31, 2012 and June 30, 2013.

Aggregate maturities of long-term debt are as follows:

2013	\$ 88
2014	265
2015	276
2016	29,146
	<u>\$ 29,775</u>

NOTE 6 – FAIR VALUE MEASUREMENTS

Fair Values

Fair value is the price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

The standard establishes a fair value hierarchy that requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

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Assets and Liabilities Measured at Fair Value on a Recurring Basis

In many cases, a valuation technique used to measure fair value includes inputs from multiple levels of the fair value hierarchy. The lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy. During the periods presented, there were no transfers between fair value hierarchical levels.

	Balance as of December 31, 2012	Quoted prices in active markets Level 1	Significant other observable inputs Level 2	Significant unobservable inputs Level 3
Put option – Series A Preferred Stock	\$ 782	\$ —	\$ —	\$ 782
Redeemable Common Stock	17,246	—	—	17,246
Total items measured at fair value on a recurring basis	\$ 18,028	\$ —	\$ —	\$ 18,028

	Balance as of June 30, 2013	Quoted prices in active markets Level 1	Significant other observable inputs Level 2	Significant unobservable inputs Level 3
Put option – Series A Preferred Stock	\$ 519	\$ —	\$ —	\$ 519
Redeemable Common Stock	47,620	—	—	47,620
Total items measured at fair value on a recurring basis	\$ 48,139	\$ —	\$ —	\$ 48,139

The following is a general description of the valuation methodologies used for liabilities and mezzanine equity (which includes preferred redeemable and common stock) items measured at fair value:

Put option – Series A Preferred Stock – The Company identified a certain embedded feature in the Series A Preferred Stock that was required to be bifurcated and accounted for as a derivative. The identified put option allows Series A Preferred stockholders to put their shares upon a change in control. The estimated fair value of the put option on Series A Preferred Stock is determined using our estimates of the probability of a change in control during each period the option is outstanding in combination with the accreted fair value of the Series A Preferred Stock during the option period. Those resulting probabilities are then calculated at net present value. An increase in the probability of the change in control would increase the fair value of the embedded derivative.

Redeemable Common Stock – The estimated fair value of the redeemable feature of certain shares of our outstanding common stock is determined using a combination of discounted cash flows and market multiple approach modeling. The fair value is estimated using this method to mark the Redeemable Common Stock to market at each period end. The weighted average cost of capital (“WACC”) used was 13% and 18% as of December 31, 2012 and June 30, 2013, respectively, and an increase in the WACC would decrease the fair value of the Redeemable Common Stock.

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Changes in the fair value of recurring fair value measurements using significant unobservable inputs (Level 3) for the six months ended June 30, 2012 and 2013 were as follows (in thousands):

Balance as of January 1, 2012	\$16,426
Adjustments to fair value measurement impacting the Statement of Stockholders' Equity and Redeemable Instruments	(369)
Adjustments to fair value measurement impacting the Statement of Operations	(97)
Balance as of June 30, 2012	<u>\$15,960</u>
Balance as of January 1, 2013	\$18,028
Adjustments to fair value measurement impacting the Statement of Stockholders' Equity and Redeemable Instruments	30,374
Adjustments to fair value measurement impacting the Statement of Operations	(263)
Balance as of June 30, 2013	<u>\$48,139</u>

The unrealized gain related to the put option liabilities is recorded within other expense (income) on the Consolidated Statements of Operations.

NOTE 7 – STOCKHOLDERS' EQUITY AND REDEEMABLE INSTRUMENTS

As of December 31, 2012, and June 30, 2013 we had 33,050,862 shares of common stock authorized, 22,033,901 shares of common stock issued and outstanding and 1,000 shares of Series A Preferred Stock, authorized, issued and outstanding, all with par value of \$0.01.

Redeemable Instruments

The Series A Preferred Stock carries an optional redemption feature and can be redeemed, at the election of the holder, any time on or after July 31, 2016, but prior to July 31, 2021, at an amount equal to \$75,789, three times the original issue price of \$25,263, plus accrued dividends, if any (the "Redemption Price"). If the optional redemption is exercised and we are unable to settle the obligation with the holder, then dividends accrue at a rate of 25% on the portion of shares not redeemed. The Company may, at its election prior to the optional redemption date, redeem the shares of Series A Preferred Stock at the Redemption Price. As the redemption of the preferred shares is dependent on the passage of time, the Company has elected to accrete to the Redemption Price the value of the Series A Preferred Stock using the interest method, over the period from the issuance date until the earliest redemption date (July 31, 2016).

One of our stockholders who owns 5,850,000 shares of Redeemable Common Stock as of November 4, 2011 has put rights that require us to repurchase its shares beginning in April 2019 at fair value determined at the redemption date. As the redemption price is equivalent to the fair value of the instrument, we adjust the carrying value of the Redeemable Common Stock to its fair value with an adjustment to equity. We also have a right to call 975,000 of these shares, at par value, before December 31, 2014 if we redeem all of the Series A Preferred Stock prior to that date. These put and call rights terminate upon an initial public offering of the Company's common stock.

Upon dissolution of the Company and payment of all indebtedness to creditors, preferred stockholders are entitled to receive distributions for their preferred shares up to the Redemption Price prior to common stockholders.

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NOTE 8 – EMPLOYEE BENEFITS

We participate in multiple healthcare plans, one of which is held and administered by a trust that is a related party. This plan is partially self-funded with an insurance company paying benefits in excess of stop loss limits per individual. Our healthcare benefit expense (net of employee contributions) was approximately \$2,751 and \$3,824 for the six months ended June 30, 2012 and 2013, respectively for all plans. An accrual for estimated healthcare claims incurred but not reported is included within accrued compensation on the Consolidated Balance Sheets and was \$663 and \$830 as of December 31, 2012 and June 30, 2013, respectively.

We participate in multiple workers' compensation plans. Under these plans, we use a high deductible program to cover losses above the deductible amount on a per claim basis. We accrue for the estimated losses occurring from both asserted and un-asserted claims. Workers' compensation liability for premiums is included in other current liabilities on the Consolidated Balance Sheets. Insurance claims and reserves include accruals of estimated settlements for known claims, as well as accruals of actuarial estimates of IBNR. In estimating these reserves, historical loss experience and judgments about the expected levels of costs per claim are considered. These claims are accounted for based on actuarial estimates of the undiscounted claims, including those claims incurred but not reported. We believe the use of actuarial methods to account for these liabilities provides a consistent and effective way to measure these highly judgmental accruals.

Workers' compensation expense totaled \$2,007 and \$3,093 during the six months ended June 30, 2012 and 2013, respectively. As of December 31, 2012 and June 30, 2013, respectively, workers' compensation reserves for known claims and incurred but not reported claims ("IBNR") totaled \$4,570 and \$5,091 and are included in other long-term liabilities on the accompanying balance sheets. Other long-term liabilities include \$3,430 and \$3,473 of accrued insurance reserves as of December 31, 2012 and June 30, 2013, respectively. We also had an insurance receivable for a claim that exceeded the stop loss limit and is included in other long-term assets on the face of the Consolidated Balance Sheets. That receivable offsets an equal liability included within the reserve amount noted above and totaled \$1,777 and \$1,765 as of December 31, 2012 and June 30, 2013, respectively.

The Company also participates in various profit-sharing and 401(k) plans. Certain plans provide that eligible employees can defer a portion of their wages into the trust, subject to current Internal Revenue Code rules and limitations. The Company provides a matching contribution of wages deferred by employees and can also make discretionary contributions to each plan. Certain plans allow for discretionary employer contributions only. These plans cover substantially all eligible employees of the Company. During the six months ended June 30, 2012 and 2013, we matched employee contributions under certain plans, resulting in administrative expenses of \$236 and \$349, respectively.

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NOTE 9 – INCOME TAXES

The provision for income taxes from continuing operations is comprised of:

	Six months ended June 30,	
	2012	2013
Current:		
Federal	\$ 427	\$ 1,303
State	58	80
	<u>485</u>	<u>1,383</u>
Deferred:		
Federal	102	(688)
State	2	9
	<u>104</u>	<u>(679)</u>
Total tax expense	<u>\$ 589</u>	<u>\$ 704</u>

The reconciliation between the Company's effective tax rate on income from continuing operations and the statutory tax rate is as follows:

	Six months ended June 30,			
	2012		2013	
Income tax at federal statutory rate	\$(2,488)	(35.0)%	\$664	35.0%
Stock compensation	3,005	42.3		
Fair value adjustment on Series A Preferred Stock Put Option			(92)	(4.9)
Other non-deductible expenses	(11)	(0.2)	(32)	(1.8)
Change in valuation allowance	48	0.7	124	6.5
State income taxes, net of Federal benefit	35	0.5	42	2.2
Total Income Tax Expense	<u>\$ 589</u>	<u>8.3%</u>	<u>\$704</u>	<u>37.0%</u>

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Components of the net deferred tax liability are as follows:

	As of December 31, 2012	As of June 30, 2013
Deferred Tax Assets		
Current		
Accrued reserves and allowances	\$ 705	\$ 155
Inventories	46	57
Current deferred tax assets	<u>751</u>	<u>212</u>
Long-term		
Net operating loss carryforwards	688	688
Long-Term deferred tax assets	688	688
Total deferred tax assets	1,439	900
Less: Valuation allowance	(228)	(352)
Net deferred tax assets	<u>1,211</u>	<u>548</u>
Deferred Tax Liabilities		
Long-term		
Property and equipment	(61)	(63)
Intangibles	(529)	(425)
Investment in partnership	(11,932)	(10,715)
Other	(64)	(65)
Total deferred tax liabilities	(12,586)	(11,268)
Net deferred tax liabilities	<u>\$ (11,375)</u>	<u>\$ (10,720)</u>

As of June 30, 2013, we have federal and state income tax net operating loss (NOL) carryforwards of \$688. Due to the IRS Section 382 elimination of NOLs generated prior to the Recapitalization, the earliest expiration date is 2030.

Valuation Allowance

We assess the available positive and negative evidence to estimate if sufficient future taxable income will be generated to utilize the existing deferred tax assets on a jurisdiction and by tax filing entity. A significant piece of objective negative evidence evaluated is cumulative losses incurred over the most recent three year period. Such objective evidence limits the ability to consider other subjective evidence such as our projections for future growth.

Based on this evaluation, a valuation allowance has been recorded as of December 31, 2012 and June 30, 2013 for the net deferred tax assets recorded on certain of our wholly owned subsidiaries. Such deferred tax assets relate primarily to net operating losses which are not more likely than not realizable. However, the amount of the deferred tax asset considered realizable could be adjusted if estimates of future taxable income during the carryforward period change, or if objective negative evidence in the form of cumulative losses is no longer present. Additional weight may be given to subjective evidence such as our projections for growth in this situation.

INSTALLED BUILDING PRODUCTS, INC.
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After the evaluation of all our tax filing positions, both federal and state, we do not believe we have any uncertain tax positions. If future tax law changes or interpretations should come to light, or additional information should become known, this conclusion may change.

The Company is subject to taxation in the United States and various state jurisdictions. As of June 30, 2013 the Company's tax years for 2009, 2010, and 2011 are subject to examination by the tax authorities.

	<u>Valuation Allowance</u>
January 1, 2012	\$ (14)
Charged to costs and expenses	<u>—</u>
June 30, 2012	<u>\$ (14)</u>
January 1, 2013	(228)
Charged to costs and expenses	<u>(124)</u>
June 30, 2013	<u><u>\$(352)</u></u>

Uncertain tax positions

We are subject to taxation in the United States and various state jurisdictions. As of December 30, 2013 our tax years for 2009, 2010, and 2011 are subject to examination by the tax authorities. We have unrecognized tax benefits related to temporary items. A rollforward of the gross unrecognized tax benefits is as follows:

Unrecognized tax benefit, January 1, 2012	\$ 924
Increase as a result of tax positions taken during the prior period	19
Decrease as a result of tax positions taken during the prior period	(504)
Unrecognized tax benefit June 30, 2012	<u>\$ 439</u>
Unrecognized tax benefit, December 31, 2012	1,365
Increase as a result of tax positions taken during the period	—
Decrease as a result of tax positions taken during the period	(926)
Unrecognized tax benefit, June 30, 2013	<u><u>\$ 439</u></u>

We do not expect any of our unrecognized tax benefit to reverse in the next twelve months. All of the unrecognized tax benefits, if recognized, would affect the effective tax rate.

Interest expense and penalties accrued related to uncertain tax positions for the year ended December 31, 2012 and June 30, 2013 are not significant.

Determining uncertain tax positions and the related estimated amounts requires judgment and carry estimation risk. If future tax law changes or interpretations should come to light, or additional information should become known, our conclusions regarding unrecognized tax benefits may change.

INSTALLED BUILDING PRODUCTS, INC.
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NOTE 10 – RELATED PARTY TRANSACTIONS

We sell installation services to other companies related through common or affiliated ownership. We also purchase services and materials and pay rent to companies with common or related ownership.

We lease our headquarters and other facilities from certain related parties. Refer to Note 11, Commitments and Contingencies, for future minimum lease payments to be paid to these related parties.

For the six months ended June 30, 2012 and 2013, the amount of sales to common or related parties as well as the purchases from and rent paid to these common or related parties are as follows:

	Six months ended June 30,	
	2012	2013
Sales	\$ 819	\$ 584
Purchases	30	6,714
Rent	93	345

Pursuant to an Individual Guaranty Agreement and a Guaranty Agreement, each dated as of October 22, 2012, certain of our investors guaranteed our letter of credit reimbursement obligations to Bank of America, N.A. in connection with letters of credit issued by Bank of America, N.A. to support our workers compensation policies. Such letters of credit are currently issued under our existing credit facility and these guarantees were terminated on July 30, 2013. In addition, one of our investors guaranteed certain reimbursement obligations of ours under certain performance and licensing bonds issued by sureties on behalf of us in the ordinary course of business. These bonds are being replaced as they expire with bonds that do not require any guarantee. These obligations were not direct guarantees of the company.

NOTE 11 – COMMITMENTS AND CONTINGENCIESLeases

We are obligated under capital leases covering vehicles and certain equipment. Total assets relating to capital leases were \$39,364 and \$48,864 as of December 31, 2012 and June 30, 2013, respectively, and a total of \$23,033 and \$21,903 were fully depreciated as of December 31, 2012 and June 30, 2013, respectively. The vehicles and equipment leases generally have terms ranging from four to six years. The net book value of assets under capital leases was \$12,694 and \$21,087 as of December 31, 2012 and June 30, 2013, respectively, net of accumulated depreciation of \$26,670 and \$27,777, respectively. Amortization of assets held under capital leases is included with depreciation expense on the Consolidated Statements of Operations.

We also have several noncancellable operating leases, primarily for buildings, improvements, equipment and certain vehicles. These leases generally contain renewal options for periods ranging from one to five years and require the Company to pay all executory costs such as property taxes, maintenance and insurance.

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Future minimum lease payments under noncancellable operating leases (with initial or remaining lease terms in excess of one year) and future minimum capital lease payments as of June 30, 2013 are as follows:

	Capital leases	Operating Leases		
		Related party	Other	Total Operating
2013	\$ 4,463	\$ 255	\$ 2,316	\$ 2,571
2014	6,920	510	3,852	4,362
2015	5,477	394	2,462	2,856
2016	3,606	248	1,626	1,874
2017	1,765	159	976	1,135
Thereafter	405	34	2,737	2,771
	<u>22,636</u>	<u>\$ 1,600</u>	<u>\$13,969</u>	<u>\$ 15,569</u>
Less: Amounts representing interest	(2,711)			
Total obligation under capital leases	19,925			
Less: Current portion of capital leases	(6,671)			
Long-term capital lease obligation	<u>\$ 13,254</u>			

Total rent expense under these operating leases for the six months ended June 30, 2012 and 2013 was \$2,935 and \$3,554, respectively, which is included in the Consolidated Statements of Operations as follows:

	Six months ended	
	June 30, 2012	June 30, 2013
Cost of sales	\$ 173	\$ 286
Selling	57	19
Administrative	2,705	3,249
Total	<u>\$2,935</u>	<u>\$3,554</u>

Supply Contract Commitments

As of December 31, 2012 and June 30, 2013, we had two product supply contracts with minimum purchase requirements at market rates. The terms of the contracts extend through December 31, 2014 and August 31, 2017. The contract commitments are disclosed in the table below. We expect our quantity purchases to exceed the minimum quantity commitments for all years covered by the contracts. Actual purchases made under the contracts for the six months ended June 30, 2012 and June 30, 2013 were \$4,056 and \$13,894, respectively. Purchase obligations under the contracts as of June 30, 2013 were as follows:

	Payments due by period				
	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Purchase Obligations	\$7,161	\$ 4,661	\$ 2,500	\$ —	\$ —

Other Commitments and Contingencies

A class action lawsuit was filed on February 11, 2013 and an amended complaint was filed on May 15, 2013 in the Superior Court of King County, Washington, against us, alleging violations of Washington State wage and

INSTALLED BUILDING PRODUCTS, INC.
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hour laws for failure to pay prevailing and minimum wage and overtime wages. The plaintiffs are former insulation installers for Installed Building Products II, LLC, one of our subsidiaries, in Washington who seek to represent all similarly situated workers. They seek all unpaid wages, along with litigation costs and fees. We believe we have meritorious defenses to the allegations and intend to vigorously defend against the case.

A lawsuit was filed on July 23, 2013 in federal court in the Middle District of Tennessee against one of our subsidiaries, TCI Contracting, LLC (“TCI”) d/b/a Installed Building Products of Nashville, alleging unpaid overtime and failure to pay lawful wages under federal law, Tennessee common law and in unjust enrichment and in breach of an alleged contract. The named plaintiffs are former insulation installers in Nashville. The plaintiffs seek to have this case certified as a collective action under the Federal Fair Labor Standards Act and as a class action under Tennessee law. They seek reimbursement of the overtime wages for all time worked over forty hours each week, as well as liquidated damages and litigation costs and fees. We believe we have meritorious defenses to the allegations and intend to vigorously defend against the case.

The ultimate liabilities, if any, with respect to the two employment-related cases disclosed above cannot be determined at this time, and we are currently unable to estimate a range of reasonably possible losses associated with the litigation. As such, we have not accrued a liability relating to these matters as of June 30, 2013.

From time to time, various claims and litigation are asserted or commenced against us principally arising from contractual matters and personnel and employment disputes. In determining loss contingencies, management considers the likelihood of loss as well as the ability to reasonably estimate the amount of such loss or liability. An estimated loss is recorded when it is considered probable that such a liability has been incurred and when the amount of loss can be reasonably estimated. It is not certain that we will prevail in these matters. However, we do not believe that the ultimate outcome of any pending matters will have a material adverse effect on our consolidated financial position, results of operations or cash flows.

NOTE 12 – BUSINESS COMBINATIONS

As part of our ongoing strategy to increase market share in certain markets, we acquired Ace Insulation (“Ace”) during the six months ended June 30, 2013.

The estimated fair values of the assets acquired and liabilities assumed for the Ace acquisition approximated the following:

	Ace
Accounts receivable	\$ 213
Inventory	14
Property and equipment	263
Intangibles	1,106
Accounts payable and accrued expenses	(609)
Total purchase price	<u>\$ 987</u>
Seller notes and obligations	300
Cash paid	687
Total purchase price	<u>\$ 987</u>

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Estimates of acquired intangible assets related to the acquisition are as follows:

Acquired Intangible Assets	Ace	
	Estimated Fair Value	Weighted Average Estimated Useful Life (yrs)
Customer relationships	\$ 826	10
Trademarks and trade names	280	15

Pro Forma Information (unaudited)

The unaudited pro forma information has been prepared as if the acquisition had taken place on January 1, 2012. The unaudited pro forma information is not necessarily indicative of the results that we would have achieved had the transactions actually taken place on January 1, 2012, and the unaudited pro forma information does not purport to be indicative of future financial operating results.

	Pro forma for the six months ended June 30,	
	2012	2013
Net revenue	\$131,178	\$197,289
Net (loss) income	(7,947)	581
Net loss attributable to common stockholders	(10,630)	(2,438)
Net loss per share attributable to common stockholders (basic and diluted)	(0.55)	(0.11)

Unaudited pro forma net income has been calculated after adjusting the combined results of the Company to reflect additional intangible asset amortization expense of \$51 and \$17, for the six months ended June 30, 2012 and 2013, respectively.

NOTE 13 – DISCONTINUED OPERATIONS

During the six months ended June 30, 2013, we made the decision to close our branch in Oklahoma City, Oklahoma and our regrind facility in Newark, Ohio. The regrind facility existed to regrind materials to produce loosefill insulation. Substantially all materials subject to regrinding in this operation were provided by a single supplier. The contract under which the materials were obtained was terminated, which resulted in the facility being closed. During the six months ended June 30, 2012, we made the decision to close our branches in Erie, Pennsylvania and Knoxville, Tennessee. We have presented the operations of these closed branches and the regrind facility as discontinued operations in the Consolidated Statements of Operations for the six months ended June 30, 2012 and 2013.

INSTALLED BUILDING PRODUCTS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(in thousands, except share amounts)

All closures made during the six months ended June 30, 2012 and 2013 were made in order to optimize capital and resource allocations and enhance our financial position. We have no continuing involvement with or cash flows from the closed branches and grind facility. Further, the customers associated with closed branches and other operations will not be served by other branches. A summary of operations we discontinued in these markets for the six months ended June 30, 2012 and 2013 is as follows:

	Six months ended June 30,	
	2012	2013
Net revenue	\$ 2,163	\$ 723
Loss from discontinued operations, before income taxes	(320)	(773)
Income tax benefit	121	276
Loss from discontinued operations, after tax	<u>\$ (199)</u>	<u>\$ (497)</u>

NOTE 14 – LOSS PER COMMON SHARE

Basic net loss per share is calculated by dividing net loss attributable to common stockholders by the weighted average shares outstanding during the period, without consideration for common stock equivalents.

Diluted net loss per share is calculated by adjusting weighted average shares outstanding for the dilutive effect of common share equivalents outstanding for the period, determined using the treasury stock method. There were no common stock equivalents with a dilutive effect during the six months ended June 30, 2012 and 2013 and therefore, basic and diluted net loss per share were the same for all periods presented.

NOTE 15 – SUBSEQUENT EVENTS

We have evaluated events and transactions occurring subsequent to the balance sheet date of June 30, 2013 through December 9, 2013, the date on which the financial statements were issued, for items that should be recognized or disclosed in these Consolidated Financial Statements.

Effective November 30, 2013, the Employee Puts between Jeffrey Edwards and our other executive officers were terminated.

The Management Services and Fee Agreement, dated as of December 18, 2012, among the Company, Littlejohn Managers, LLC, Jeffrey Edwards, IBP Holding Company and TCI Holdings, LLC was terminated on November 22, 2013.

On January 30, 2014 the Board of Directors authorized an increase in the number of shares of Common stock to 100,000,000 at a par value of \$0.01 and an increase in the number of shares of Preferred stock to 5,001,000 at a par value of \$0.01, 1,000 of which are designated as Series A Preferred Stock. On the same date, the Board of Directors approved a 19.5-for-1 stock split of the Company's common stock, which will become effective prior to the effectiveness of the registration statement for the initial public offering of the Company's common stock. The effect of the split on authorized, issued and outstanding shares and income (loss) per common share has been retroactively applied to all periods presented.

INSTALLED BUILDING PRODUCTS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except for par value and share amounts)
(unaudited)

	As of December 31, 2012	As of September 30, 2013
ASSETS		
Current assets		
Cash	\$ 3,898	\$ 5,270
Restricted cash	1,803	1,708
Accounts receivable (less allowance for doubtful accounts of \$1,412 and \$1,633 as of December 31, 2012 and September 30, 2013, respectively)	46,100	60,673
Accounts receivable, related parties	774	329
Inventories	16,718	19,538
Deferred income taxes	726	138
Prepaid expenses, related parties	396	—
Other current assets	5,353	6,077
Total current assets	<u>75,768</u>	<u>93,733</u>
Property and equipment, net	17,931	29,524
Other non-current assets		
Goodwill	49,146	49,146
Intangibles, net	15,023	13,934
Other non-current assets	2,884	3,350
Total non-current assets	<u>67,053</u>	<u>66,430</u>
Total assets	<u>\$ 160,752</u>	<u>\$ 189,687</u>
LIABILITIES, REDEEMABLE INSTRUMENTS AND STOCKHOLDERS' EQUITY		
Current liabilities		
Current maturities of long-term debt	\$ 186	\$ 254
Current maturities of capital lease obligations	3,822	7,606
Accounts payable	34,330	42,142
Accounts payable, related parties	2,133	3,171
Income taxes payable	2,562	106
Accrued compensation	7,562	10,040
Other current liabilities	2,202	3,231
Total current liabilities	<u>52,797</u>	<u>66,550</u>
Long-term debt	17,705	24,259
Capital lease obligations, less current maturities	8,362	14,671
Put option – Series A Preferred Stock	782	505
Deferred income taxes	12,101	10,858
Other long-term liabilities	9,626	9,802
Total liabilities	<u>101,373</u>	<u>126,645</u>
Commitments and contingencies (Note 9)		
Series A Preferred Stock; \$0.01 par value: 1,000 authorized, issued and outstanding as of December 31, 2012, and September 30, 2013, respectively (Note 13)	49,615	54,212
Redeemable Common Stock; \$0.01 par value: 5,850,000 authorized, issued and outstanding as of December 31, 2012, and September 30, 2013, respectively (Note 13)	17,246	50,354
Stockholders' equity		
Common Stock; \$0.01 par value: 27,200,862 shares authorized and 16,183,901 shares issued and outstanding as of December 31, 2012 and September 30, 2013, respectively (Note 13)	162	162
Additional paid in capital	3,959	—
Accumulated deficit	<u>(11,603)</u>	<u>(41,686)</u>
Total stockholders' equity	<u>(7,482)</u>	<u>(41,524)</u>
Total liabilities, redeemable instruments and stockholders' equity	<u>\$ 160,752</u>	<u>\$ 189,687</u>

See accompanying notes to condensed consolidated financial statements.

INSTALLED BUILDING PRODUCTS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except share and per share amounts)
(unaudited)

	Nine months ended September 30, 2012	2013
Net revenue	\$ 209,855	\$ 312,599
Cost of sales	157,616	234,121
Gross profit	52,239	78,478
Operating expenses		
Selling	14,443	18,454
Administrative	41,274	49,183
Amortization	2,300	2,301
Other	(960)	—
Operating (loss) profit	(4,818)	8,540
Other expense (income)		
Interest expense	1,476	1,657
Other	(135)	(24)
	1,341	1,633
(Loss) income before income taxes	(6,159)	6,907
Income tax provision	510	2,646
Net (loss) income from continuing operations	(6,669)	4,261
Discontinued operations		
Loss from discontinued operations	530	960
Income tax benefit	(200)	(362)
Loss from discontinued operations, net of income taxes	330	598
Net (loss) income	\$ (6,999)	\$ 3,663
Accretion charges on Series A Redeemable Preferred Stock	(4,085)	(4,597)
Net loss attributable to common stockholders	\$ (11,084)	\$ (934)
Weighted average shares outstanding (basic and diluted)	19,786,676	22,033,901
Net loss per share (basic and diluted)		
Loss per share from continuing operations attributable to common stockholders (basic and diluted)	\$ (0.54)	\$ (0.01)
Loss per share from discontinued operations attributable to common stockholders (basic and diluted)	(0.02)	(0.03)
Loss per share attributable to common stockholders (basic and diluted)	<u>\$ (0.56)</u>	<u>\$ (0.04)</u>

See accompanying notes to condensed consolidated financial statements.

INSTALLED BUILDING PRODUCTS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(unaudited)

	Nine months ended September 30, 2012	September 30, 2013
Cash flows from operating activities		
Cash provided by operations	\$ (2,173)	\$ 2,617
Net cash (used in) provided by operating activities	(2,173)	2,617
Cash flows from investing activities		
Restricted cash	—	95
Purchases of property and equipment	(1,381)	(2,072)
Acquisitions of businesses, net of cash acquired of \$317 in 2012	317	(687)
Proceeds from sale of property and equipment	125	1,113
Proceeds from insurance	833	—
Net cash used in investing activities	(106)	(1,551)
Cash flows from financing activities		
(Payments) proceeds from revolving lines of credit, net	7,348	6,484
Payments on capital lease obligations	(1,938)	(4,595)
Principal payments on long-term debt	(15)	(473)
Payment for deferred offering costs	—	(1,110)
Net cash provided by financing activities	5,395	306
Net change in cash	3,116	1,372
Cash at beginning of year	2,528	3,898
Cash at end of year	\$ 5,644	\$ 5,270
Supplemental disclosure of noncash investing and financing activities		
Vehicles capitalized under capital leases and related lease obligations	\$ 5,807	\$ 15,374
Common stock issued for acquisition of business	4,100	—
Note payable issued in connection with acquisition of business	—	300
Unpaid deferred offering costs	—	899

See accompanying notes to condensed consolidated financial statements.

INSTALLED BUILDING PRODUCTS, INC.
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NOTE 1 – ORGANIZATION

Installed Building Products, Inc. (“IBP”, formerly CCIB Holdco, Inc.), a Delaware corporation formed on October 28, 2011, and its wholly owned subsidiaries (collectively referred to as the “Company” and “we”, “us” and “our”), primarily install insulation, garage doors, rain gutters, shower doors, closet shelving and mirrors for residential and commercial builders located in the continental United States. IBP operates in over 100 locations within the continental United States and its corporate office is located in Columbus, Ohio.

We have one operating segment and a single reportable segment. Substantially all of our sales come from service based installation of various products in the existing and new residential and commercial construction end markets. Our branches has the capacity to serve all of our markets. For the nine months ended September 30, 2012, 85.6% of our net revenue was attributable to new and existing residential construction, whereas 14.4% was attributable to commercial construction. For the nine months ended September 30, 2013, 88.8% of our net revenue was attributable to new and existing residential construction, with the remaining 11.2% attributable to commercial construction. The Company has no international sales. All of the Company’s identifiable assets are in the United States.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Principles of Consolidation

The Company prepares its condensed consolidated financial statements in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”). The accompanying condensed consolidated financial statements include all wholly owned subsidiaries and majority owned subsidiaries. The non-controlling interest relating to majority owned subsidiaries is not significant for presentation. All significant intercompany accounts and transactions have been eliminated. In our opinion, the accompanying unaudited condensed consolidated financial statements contain all adjustments, of a normal recurring nature, necessary to present fairly its financial position as of September 30, 2013 and the results of operations for nine months ended September 30, 2013 and 2012 and cash flows for the nine months ended September 30, 2013 and 2012. The condensed consolidated balance sheet as of December 31, 2012 was derived from audited financial statements. The results of operations for the interim periods are not necessarily indicative of the results for the entire fiscal year. The interim condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements, including the notes thereto, included elsewhere in this prospectus.

Advertising Costs

Advertising costs are expensed as incurred. Advertising expense was \$1,493 and \$1,099 for the nine months ended September 30, 2012 and 2013, respectively, and is included in selling expense on the Condensed Consolidated Statements of Operations.

Recently Issued Accounting Pronouncements Not Yet Adopted

As of September 30, 2013, there are no recently issued accounting standards not yet adopted that would have a material effect on the Company’s financial statements.

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NOTE 3 – GOODWILL AND INTANGIBLES

The Company's goodwill was tested for impairment as of December 31, 2012. Going forward we have moved our goodwill impairment assessment date to October 1. No impairment was recognized in either period.

Intangibles, net

The following table provides the gross carrying amount and accumulated amortization for each major class of intangibles:

	As of December 31, 2012			As of September 30, 2013		
	Gross Carrying Amount	Accumulated Amortization	Net Book Value	Gross Carrying Amount	Accumulated Amortization	Net Book Value
Amortized intangibles:						
Customer relationships	\$20,439	\$ 12,425	\$ 8,014	\$21,268	\$ 13,914	\$ 7,354
Non-competition agreements	1,021	761	260	1,053	835	218
Trademarks and trade names	11,545	4,796	6,749	11,825	5,463	6,362
	<u>\$33,005</u>	<u>\$ 17,982</u>	<u>\$15,023</u>	<u>\$34,144</u>	<u>\$ 20,212</u>	<u>\$13,934</u>

Amortization expense on intangible assets totalled \$2,300 and \$2,301 for the nine months ended September 30, 2012 and 2013. Remaining estimated aggregate annual amortization expense is as follows:

2013	754
2014	2,636
2015	2,433
2016	2,090
2017	1,501
Thereafter	4,520

NOTE 4 – LONG-TERM DEBT

Debt consists of the following:

	As of December 31, 2012	As of September 30, 2013
Revolving Lines of Credit	<u>\$ 17,231</u>	<u>\$ 23,715</u>
Various notes payable, maturing through December 2016; payable in various monthly installments, including interest rates ranging from 1.0% to 8.5%	660	798
	17,891	24,513
Less: current maturities	(186)	(254)
Long-term debt, less current maturities	<u>\$ 17,705</u>	<u>\$ 24,259</u>

We are a party to a revolving loan and security agreement with a lender (the "Credit Agreement"). The Credit Agreement provides for a Revolving Line of Credit (the "LOC") with a maximum limit of \$50,000. The LOC is due May 4, 2016 with interest at either 1) the Eurodollar rate ("LIBOR") or 2) the Alternate Base Rate (which

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approximates the Prime Rate), plus a margin based on the type of rate applied. The Company had \$16,000 outstanding on the LOC at 1-month LIBOR including margin (2.25%-3.75%) as of December 31, 2012. The Company had \$23,000 outstanding on the LOC at 1-month LIBOR including margin (2.25%) as of September 30, 2013. The Company had \$1,231 and \$715 outstanding on the LOC at the Alternate Base Rate including margin (4.25%) as of December 31, 2012 and September 30, 2013, respectively.

The LOC permits borrowings based on a stated percentage of eligible accounts receivable and inventories. The borrowings on the LOC are also subject to a minimum availability reserve. The Company had available borrowings of \$15,492 and \$19,008 under its LOC as of December 31, 2012 and September 30, 2013, respectively. In addition, the Company is required to pay a monthly fee of 0.375% per annum on the average unused commitment under the LOC. Amounts outstanding under the Credit Agreement are collateralized by a first lien security position on all assets, including, but not limited to, all real estate, property, equipment, receivables, and inventories.

The Credit Agreement also contains various restrictive non-financial covenants that include more frequent borrowing base reporting if the minimum availability falls below a certain threshold, and several limitations on specific changes that would result in incurring additional debts or pledging the Company's assets, including restrictions on distributions to be made to our stockholders. The Credit Agreement also contains a provision that upon a change in control or an event of default (as defined within the Credit Agreement), amounts outstanding under the LOC would bear interest at the rate as determined above plus 2%.

The Credit Agreement also allows the Company to issue Letters of Credit not to exceed \$10,000 in the aggregate. To support the Company's insurance programs, there were outstanding Letters of Credit of \$7,278 as of December 31, 2012 and September 30, 2013.

NOTE 5 – FAIR VALUE MEASUREMENTS

Fair Values

Fair value is the price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

The standard establishes a fair value hierarchy that requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

- Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.
- Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active or other inputs that are observable or can be corroborated by observable market data.
- Level 3: Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

INSTALLED BUILDING PRODUCTS, INC.
 NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
 (in thousands, except share amounts)
 (unaudited)

Assets and Liabilities Measured at Fair Value on a Recurring Basis

In many cases, a valuation technique used to measure fair value includes inputs from multiple levels of the fair value hierarchy. The lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy. During the periods presented, there were no transfers between fair value hierarchical levels.

	Balance as of December 31, 2012	Quoted prices in active markets Level 1	Significant other observable inputs Level 2	Significant unobservable inputs Level 3
Put option – Series A Preferred Stock	\$ 782	\$ —	\$ —	\$ 782
Redeemable Common Stock	17,246	—	—	17,246
Total items measured at fair value on a recurring basis	\$ 18,028	\$ —	\$ —	\$ 18,028

	Balance as of September 30, 2013	Quoted prices in active markets Level 1	Significant other observable inputs Level 2	Significant unobservable inputs Level 3
Put option – Series A Preferred Stock	\$ 505	\$ —	\$ —	\$ 505
Redeemable Common Stock	50,354	—	—	50,354
Total items measured at fair value on a recurring basis	\$ 50,859	\$ —	\$ —	\$ 50,859

The following is a general description of the valuation methodologies used for liabilities and mezzanine equity (which includes preferred redeemable and common stock) items measured at fair value:

Put option – Series A Preferred Stock – The Company identified a certain embedded feature in the Series A Preferred Stock that was required to be bifurcated and accounted for as a derivative. The identified put option allows Series A Preferred stockholders to put their shares upon a change in control. The estimated fair value of the put option on Series A Preferred Stock is determined using our estimates of the probability of a change in control during each period the option is outstanding in combination with the accreted fair value of the Series A Preferred Stock during the option period. Those resulting probabilities are then calculated at net present value. An increase in the probability of the change in control would increase the fair value of the embedded derivative.

Redeemable Common Stock – The estimated fair value of the redeemable feature of certain shares of our outstanding common stock is determined using a combination of discounted cash flows and market multiple approach modeling. The fair value is estimated using this method to mark the Redeemable Common Stock to market at each period end. The weighted average cost of capital (“WACC”) used was 13% and 16% for the year ended December 31, 2012 and the nine months ended September 30, 2013, respectively, and an increase in the WACC would decrease the fair value of the Redeemable Common Stock.

INSTALLED BUILDING PRODUCTS, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(in thousands, except share amounts)
(unaudited)

Changes in the fair value of recurring fair value measurements using significant unobservable inputs (Level 3) for the nine months ended September 30, 2013 were as follows (in thousands):

Balance as of January 1, 2012	\$16,426
Adjustments to fair value measurement impacting the Statement of Stockholders' Equity and Redeemable Instruments	(663)
Adjustments to fair value measurement impacting the Statement of Operations	(120)
Balance as of September 30, 2012	<u>\$15,643</u>
Balance as of January 1, 2013	\$18,028
Adjustments to fair value measurement impacting the Statement of Stockholders' Equity and Redeemable Instruments	\$33,108
Adjustments to fair value measurement impacting the Statement of Operations	(277)
Balance as of September 30, 2013	<u>\$50,859</u>

The unrealized gain related to the put option liabilities is recorded within other expense (income) on the Condensed Consolidated Statements of Operations.

NOTE 6 – STOCKHOLDERS' EQUITY AND REDEEMABLE INSTRUMENTS

As of December 31, 2012, and September 30, 2013 we had 33,050,862 shares of common stock authorized, 22,033,901 shares of common stock issued and outstanding and 1,000 shares of Series A Preferred Stock, authorized, issued and outstanding, all with par value of \$0.01.

NOTE 7 – INCOME TAXES

Our effective tax rate on income from continuing operations was 38.3% for the nine months ended September 30, 2013. The difference between the statutory rate and the effective tax rate is primarily due to the deduction for domestic production activities and the effect of state and local income taxes.

The effective tax rate on loss from continuing operations was 8.3% for the nine months ended September 30, 2012. The difference between the statutory rate and the effective rate was primarily due to non-deductible stock compensation and the deduction for the domestic production activity.

As of September 30, 2013, we have federal and state income tax net operating loss (NOL) carryforwards of \$688.

We assess the available positive and negative evidence to estimate if sufficient future taxable income will be generated to utilize the existing deferred tax assets on a jurisdiction and by tax filing entity. A significant piece of objective negative evidence evaluated was the cumulative loss incurred over the three year period ended December 31, 2012 for the tax filing entities with a deferred tax asset. Such objective evidence limits the ability to consider other subjective evidence such as our projections for future growth.

Based on this evaluation, a valuation allowance of \$352 has been recorded as of September 30, 2013 in order to realize only the portion of the deferred tax asset that more likely than not will be realized for certain tax filing entities. The amount of the deferred tax asset considered realizable, however, could be adjusted if estimates of

INSTALLED BUILDING PRODUCTS, INC.
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future taxable income during the carryforward period change of if objective negative evidence in the form of cumulative losses is no longer present and additional weight may be given to subjective evidence such as our projections for growth.

After the evaluation of all our tax filing positions, both federal and state, we have recorded a long-term liability of \$559 for uncertain tax positions as of September 30, 2013. If future tax law changes or interpretations should come to light, or additional information should become known, this conclusion may change.

The Company is subject to taxation in the United States and various state jurisdictions. As of September 30, 2013 the Company's tax years for 2010, 2011 and 2012 are subject to examination by the tax authorities.

NOTE 8 – RELATED PARTY TRANSACTIONS

We sell installation services to other companies related through common or affiliated ownership. We also purchase services and materials and pay rent to companies with common or related ownership.

We lease our headquarters and other facilities from certain related parties. Refer to Note 9, Commitments and Contingencies, for future minimum lease payments to be paid to these related parties.

For the nine months ended September 30, 2012 and 2013, the amount of sales to common or related parties as well as the purchases from and rent paid to these common or related parties are as follows:

	Nine months ended September 30,	
	2012	2013
Sales	\$ 1,347	\$ 901
Purchases	661	9,622
Rent	181	518

NOTE 9 – COMMITMENTS AND CONTINGENCIES

Leases

We are obligated under capital leases covering vehicles and certain equipment. Total assets relating to capital leases were \$39,364 and \$52,697 as of December 31, 2012 and September 30, 2013, respectively, and a total of \$23,033 and \$21,771 were fully depreciated as of December 31, 2012 and September 30, 2013, respectively. The vehicles and equipment leases generally have terms ranging from four to six years. The net book value of assets under capital leases was \$12,694 and \$23,707 as of December 31, 2012 and September 30, 2013, respectively, net of accumulated depreciation of \$26,670 and \$28,990, respectively. Amortization of assets held under capital leases is included within depreciation expense on the Condensed Consolidated Statements of Operations.

We also have several noncancellable operating leases, primarily for buildings, improvements, equipment and certain vehicles. These leases generally contain renewal options for periods ranging from one to five years and require the Company to pay all executory costs such as property taxes, maintenance and insurance.

INSTALLED BUILDING PRODUCTS, INC.
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Total rent expense under these operating leases for the nine months ended September 30, 2012 and 2013 was \$4,538 and \$5,320 respectively, which is included in the Condensed Consolidated Statements of Operations as follows:

	Nine Months Ended	
	September 30, 2012	September 30, 2013
Cost of Sales	\$ 310	\$ 445
Selling	86	24
Administrative	4,142	4,851
Total	<u>\$ 4,538</u>	<u>\$ 5,320</u>

Supply Contract Commitments

As of December 31, 2012 and September 30, 2013, we had two product supply contracts with minimum purchase requirements at market rates. The terms of the contracts extend through December 31, 2014 and August 31, 2017. The contract commitments are disclosed in the table below. We expect our quantity purchases to exceed the minimum quantity commitments for all years covered by the contracts. Actual purchases made under the contracts for the nine months ended September 30, 2012 and 2013 were \$7,445 and \$20,393, respectively. Purchase obligations under the contracts as of September 30, 2013 were as follows:

	Payments due by period				
	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Purchase Obligations	\$6,033	\$ 4,782	\$ 1,250	\$ —	\$ —

Other Commitments and Contingencies

A class action lawsuit was filed on February 11, 2013 and an amended complaint was filed on May 15, 2013 in the Superior Court of King County, Washington, against us, alleging violations of Washington State wage and hour laws for failure to pay prevailing and minimum wage and overtime wages. The plaintiffs are former insulation installers for Installed Building Products II, LLC, one of our subsidiaries, in Washington who seek to represent all similarly situated workers. They seek all unpaid wages, along with litigation costs and fees. We believe we have meritorious defenses to the allegations and intend to vigorously defend against the case.

A lawsuit was filed on July 23, 2013 in federal court in the Middle District of Tennessee against one of our subsidiaries, TCI Contracting, LLC ("TCI") d/b/a Installed Building Products of Nashville, alleging unpaid overtime and failure to pay lawful wages under federal law, Tennessee common law and in unjust enrichment and in breach of an alleged contract. The named plaintiffs are former insulation installers in Nashville. The plaintiffs seek to have this case certified as a collective action under the Federal Fair Labor Standards Act and as a class action under Tennessee law. They seek reimbursement of the overtime wages for all time worked over forty hours each week, as well as liquidated damages and litigation costs and fees. We believe we have meritorious defenses to the allegations and intend to vigorously defend against the case.

The ultimate liabilities, if any, with respect to the two employment-related cases disclosed above cannot be determined at this time, and we are currently unable to estimate a range of reasonably possible losses associated with the litigation. As such, we have not accrued a liability relating to these matters as of September 30, 2013.

INSTALLED BUILDING PRODUCTS, INC.
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NOTE 10 – BUSINESS COMBINATIONS

As part of our ongoing strategy to increase market share in certain markets, we acquired TCI during the nine months ended September 30, 2012, and we acquired Ace Insulation (“Ace”) during the nine months ended September 30, 2013. The revenue and net income of TCI since the date of acquisition included in the Company’s Condensed Consolidated Statement of Operations for the nine months ended September 30, 2012 were \$3,024 and \$148, respectively.

The estimated fair values of the assets acquired and liabilities assumed for both the TCI and Ace acquisitions approximated the following:

	TCI	Ace
Cash	\$ 317	\$ —
Accounts receivable	3,880	213
Inventory	1,984	14
Other current assets	244	—
Property and equipment	285	263
Intangibles	4,390	1,106
Goodwill	834	—
Accounts payable and accrued expenses	(5,815)	(609)
Deferred tax liability	(1,387)	—
Long-term debt	(61)	—
Total purchase price	4,671	987
Value of common stock issued	4,100	—
Seller notes and obligations	571	300
Cash paid	—	687
Total purchase price	\$ 4,671	\$ 987

Estimates of acquired intangible assets related to the acquisitions are as follows:

	TCI		Ace	
	Estimated fair value	Weighted average estimated useful life (yrs)	Estimated fair value	Weighted average estimated useful life (yrs)
<u>Acquired Intangible Assets</u>				
Customer relationships	\$ 2,500	10	\$ 826	10
Trademarks and trade names	1,820	8	280	15
Non-competition agreements	70	2	—	—

INSTALLED BUILDING PRODUCTS, INC.
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Pro Forma Information

The unaudited pro forma information has been prepared as if the acquisition had taken place on January 1, 2012. The unaudited pro forma information is not necessarily indicative of the results that we would have achieved had the transactions actually taken place on January 1, 2012, and the unaudited pro forma information does not purport to be indicative of future financial operating results.

	Pro forma for the nine months ended September 30,	
	2012	2013
Net revenue	\$ 241,752	\$ 313,239
Net (loss) income	(8,495)	3,548
Net loss attributable to common stockholders	(12,580)	(1,049)
Net loss per share attributable to common stockholders (basic and diluted)	(0.57)	(0.05)

Unaudited pro forma net income has been calculated after adjusting the combined results of the Company to reflect additional intangible asset amortization expense of \$(494) and \$(17) for the nine months ended September 30, 2012 and 2013, respectively.

NOTE 11 – DISCONTINUED OPERATIONS

During the nine months ended September 30, 2013, we made the decision to close our branches in Oklahoma City, Oklahoma, Williston, North Dakota and our regrind facility in Newark, Ohio. The regrind facility existed to regrind materials to produce loosefill insulation. Substantially all materials subject to regrinding in this operation were provided by a single supplier. The contract under which the materials were obtained was terminated, which resulted in the facility being closed. During the nine months ended September 30, 2012, we made the decision to close our branches in Erie, Pennsylvania and Knoxville, Tennessee. We have presented the operations of these closed branches and regrind facility as discontinued operations in the Condensed Consolidated Statements of Operations for the nine months ended September 30, 2012 and 2013.

All branch closures made during the nine months ended September 30, 2012 and 2013 were made in order to optimize capital and resource allocations and enhance our financial position. We have no continuing involvement with or cash flows from the closed branches and regrind facility. Further, the customers associated with closed branches and other operations will not be served by other branches. A summary of operations we discontinued in these markets for the nine months ended September 30, 2012 and 2013 is as follows:

	Nine months ended September 30,	
	2012	2013
Net revenue	\$ 3,056	\$ 765
Loss from discontinued operations, before income taxes	(530)	(960)
Income tax benefit	200	362
Loss from discontinued operations, after tax	\$ (330)	\$ (598)

INSTALLED BUILDING PRODUCTS, INC.
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NOTE 12 – LOSS PER COMMON SHARE

Basic net loss per share is calculated by dividing net loss attributable to common stockholders by the weighted average shares outstanding during the period, without consideration for common stock equivalents.

Diluted net loss per share is calculated by adjusting weighted average shares outstanding for the dilutive effect of common share equivalents outstanding for the period, determined using the treasury stock method. There were no common stock equivalents with a dilutive effect during the nine months ended September 30, 2012 and 2013 and therefore, basic and diluted net loss per share were the same for all periods presented.

NOTE 13 – SUBSEQUENT EVENTS

We have evaluated events and transactions occurring subsequent to the balance sheet date of September 30, 2013 through December 9, 2013, the date on which the financial statements were issued, for items that should be recognized or disclosed in these Condensed Consolidated Financial Statements.

Effective November 30, 2013, the Employee Puts between Jeffrey Edwards and our other executive officers were terminated.

The Management Services and Fee Agreement, dated as of December 18, 2012, among the Company, Littlejohn Managers, LLC, Jeffrey Edwards, IBP Holding Company and TCI Holdings, LLC was terminated on November 22, 2013.

On January 30, 2014 the Board of Directors authorized an increase in the number of shares of Common stock to 100,000,000 at a par value of \$0.01 and an increase in the number of shares of Preferred stock to 5,001,000 at a par value of \$0.01, 1,000 of which are designated as Series A Preferred Stock. On the same date, the Board of Directors approved a 19.5-for-1 stock split of the Company's common stock, which will become effective prior to the effectiveness of the registration statement for the initial public offering of the Company's common stock. The effect of the split on authorized, issued and outstanding shares and income (loss) per common share has been retroactively applied to all periods presented.

Dealer Prospectus Delivery Obligation

Until _____, 2014 (the 25th day after the date of this prospectus), all dealers that buy, sell, or trade shares of our common stock, whether or not participating in this offering, may be required to deliver a prospectus. This delivery requirement is in addition to the obligations of dealers to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.



Joint Bookrunning Managers

Deutsche Bank Securities

UBS Investment Bank

Lead Manager

Zelman Partners LLC

Co-Managers

BB&T Capital Markets

KeyBanc Capital Markets

SunTrust Robinson Humphrey

PART II**INFORMATION NOT REQUIRED IN PROSPECTUS****Item 13. Other Expenses of Issuance and Distribution.**

The following table sets forth the costs and expenses, other than the underwriting discount, payable in connection with the sale of common stock being registered. All amounts shown are estimates, except the Securities and Exchange Commission registration fee, the Financial Industry Regulatory Authority filing fee and the New York Stock Exchange listing fee.

Securities and Exchange Commission registration fee	\$ 21,330
Financial Industry Regulatory Authority filing fee	25,340
New York Stock Exchange listing fee	25,000
Legal fees and expenses	2,250,000
Accountants' fees and expenses	3,800,000
Financial advisory fees and expenses	325,000
Printing expenses	350,000
Transfer agent and registrar fees and expenses	10,000
Miscellaneous	325,000
Total	\$ 7,121,830

* To be provided by amendment.

Item 14. Indemnification of Directors and Officers.

We are incorporated under the laws of the state of Delaware. Section 145 of the Delaware General Corporation Law provides that a Delaware corporation may indemnify any persons who are, or are threatened to be made, parties to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of such corporation), by reason of the fact that such person was an officer, director, employee or agent of such corporation, or is or was serving at the request of such person as an officer, director, employee or agent of another corporation or enterprise. The indemnity may include expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding, provided that such person acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the corporation's best interests and, with respect to any criminal action or proceeding, had no reasonable cause to believe that his or her conduct was illegal. A Delaware corporation may indemnify any persons who are, or are threatened to be made, a party to any threatened, pending or completed action or suit by or in the right of the corporation by reason of the fact that such person was a director, officer, employee or agent of such corporation, or is or was serving at the request of such corporation as a director, officer, employee or agent of another corporation or enterprise. The indemnity may include expenses (including attorneys' fees) actually and reasonably incurred by such person in connection with the defense or settlement of such action or suit provided such person acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the corporation's best interests except that no indemnification is permitted without judicial approval if the officer or director is adjudged to be liable to the corporation. Where an officer or director is successful on the merits or otherwise in the defense of any action referred to above, the corporation must indemnify him or her against the expenses that such officer or director has actually and reasonably incurred. Our charter and amended and restated bylaws provide for the indemnification of our directors and officers to the fullest extent permitted under the Delaware General Corporation Law.

Section 102(b)(7) of the Delaware General Corporation Law permits a corporation to provide in its certificate of incorporation that a director of the corporation shall not be personally liable to the corporation or its stockholders for monetary damages for breach of fiduciary duties as a director, except for liability for:

- any breach of the director's duty of loyalty to us or our stockholders;

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- any act or omission not in good faith or that involves intentional misconduct or a knowing violation of law;
- any act related to unlawful stock repurchases, redemptions or other distributions or payment of dividends; or
- any transaction from which the director derived an improper personal benefit.

These limitations of liability do not affect the availability of equitable remedies such as injunctive relief or rescission. Our charter also authorizes us to indemnify our officers, directors and other agents to the fullest extent permitted under Delaware law.

As permitted by Section 145 of the Delaware General Corporation Law, our amended and restated bylaws provide that:

- we may indemnify our directors, officers and employees to the fullest extent permitted by the Delaware General Corporation Law, subject to limited exceptions;
- we may advance expenses to our directors, officers and employees in connection with a legal proceeding to the fullest extent permitted by the Delaware General Corporation Law, subject to limited exceptions; and
- the rights provided in our amended and restated bylaws are not exclusive.

Section 174 of the Delaware General Corporation Law provides, among other things, that a director who willfully or negligently approves of an unlawful payment of dividends or an unlawful stock purchase or redemption may be held liable for such actions. A director who was either absent when the unlawful actions were approved, or dissented at the time, may avoid liability by causing his or her dissent to such actions to be entered in the books containing minutes of the meetings of the board of directors at the time such action occurred or immediately after such absent director receives notice of the unlawful acts.

As permitted by the Delaware General Corporation Law, we have entered and expect to continue to enter into agreements to indemnify our directors, executive officers and other employees as determined by our board of directors. Under the terms of our indemnification agreements, we are required to indemnify each of our directors and officers, to the fullest extent permitted by the laws of the state of Delaware, if the basis of the indemnitee's involvement was by reason of the fact that the indemnitee is or was a director, or officer, of the Company or any of its subsidiaries or was serving at the Company's request in an official capacity for another entity. We must indemnify our officers and directors against (1) attorneys' fees and (2) all other costs of any type or nature whatsoever, including any and all expenses and obligations paid or incurred in connection with investigating, defending, being a witness in, participating in (including on appeal), or preparing to defend, be a witness or participate in any completed, actual, pending or threatened action, suit, claim or proceeding, whether civil, criminal, administrative or investigative, or establishing or enforcing a right to indemnification under the indemnification agreement. The indemnification agreements also set forth certain procedures that will apply in the event of a claim for indemnification thereunder. These indemnification provisions and the indemnification agreements may be sufficiently broad to permit indemnification of our officers and directors for liabilities, including reimbursement of expenses incurred, arising under the Securities Act of 1933, as amended, or the Securities Act.

In addition, we have purchased a policy of directors' and officers' liability insurance that insures our directors and officers against the cost of defense, settlement or payment of a judgment in some circumstances.

The form of Underwriting Agreement, to be filed as Exhibit 1.1 hereto, provides for indemnification by the underwriters of us and our officers who sign this Registration Statement and directors for specified liabilities, including matters arising under the Securities Act.

Item 15. Recent Sales of Unregistered Securities.

During the three-year period preceding the date of filing of this registration statement, we have issued securities in the transactions described below without registration under the Securities Act.

1. On November 4, 2011 and in connection with our recapitalization, we issued (i) 19,600 shares of our common stock to IBP Management Holdings, LLC; (ii) 300,000 shares of our common stock to Cetus Capital II, LLC; (iii) 680,400 shares of our common stock to IBP Investment Holdings, LLC; and (iv) 1,000 shares of our Series A preferred stock to Cetus Capital II, LLC. Pursuant to the terms of the recapitalization, these securities were issued in exchange for the cancellation of indebtedness of approximately \$126.5 million and contributions from stockholders of approximately \$12.0 million.

2. On August 31, 2012, we issued an aggregate of 129,944 shares of our common stock to TCI Holdings, LLC in connection with our acquisition of TCI Contracting, LLC. The total purchase price for TCI Contracting, LLC was \$4.7 million, consisting of the 129,944 shares of our common stock, valued in the aggregate at \$4.1 million, and \$0.6 million in cash.

None of the foregoing transactions involved any underwriters, underwriting discounts or commissions, or any public offering, and the Registrant believes each transaction was exempt from the registration requirements of the Securities Act in reliance upon Section 4(2) of the Securities Act or Regulation D promulgated under the Securities Act. Furthermore, the Registrant affixed appropriate legends to the share certificates and instruments issued in each foregoing transaction setting forth that the securities had not been registered and the applicable restrictions on transfer.

Item 16. Exhibits and Financial Statement Schedules.

(a) Exhibits. See the Exhibit Index attached to this Registration Statement, which is incorporated by reference herein.

(b) Financial Statement Schedules. Schedules not listed above have been omitted because the information required to be set forth therein is not applicable or is shown in the financial statements or the notes thereto.

Item 17. Undertakings.

The undersigned registrant hereby undertakes to provide to the underwriters at the closing specified in the underwriting agreement, certificates in such denominations and registered in such names as required by the underwriters to permit prompt delivery to each purchaser.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

The undersigned registrant hereby undertakes that:

(1) for purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act of 1933 shall be deemed to be part of this registration statement as of the time it was declared effective; and

(2) for the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the registrant has duly caused this Registration Statement on Form S-1 to be signed on its behalf by the undersigned, thereunto duly authorized, in the city of Columbus, in the State of Ohio, on this day of February 3, 2014.

INSTALLED BUILDING PRODUCTS, INC.

By: /s/ Jeffrey W. Edwards
Jeffrey W. Edwards
President and Chief Executive Officer

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement on Form S-1 has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
<u>/s/ Jeffrey W. Edwards</u> Jeffrey W. Edwards	President, Chief Executive Officer and Chairman of the Board of Directors (Principal Executive Officer)	February 3, 2014
<u>/s/ Michael T. Miller</u> Michael T. Miller	Executive Vice President, Chief Financial Officer and Director (Principal Financial Officer and Principal Accounting Officer)	February 3, 2014
<u>*</u> Steven G. Raich	Director	February 3, 2014
<u>*</u> J. Michael Nixon	Director	February 3, 2014

*By: /s/ Jeffrey W. Edwards
Name: Jeffrey W. Edwards
Title: Attorney-in-fact

INDEX TO EXHIBITS

<u>Exhibit Number</u>	<u>Description</u>
1.1	Form of Underwriting Agreement.
3.1	Certificate of Incorporation of Installed Building Products, Inc., as amended, currently in effect.^
3.2	Form of Amended and Restated Certificate of Incorporation of Installed Building Products, Inc., to be in effect immediately prior to the effectiveness of this registration statement.
3.3	Bylaws of Installed Building Products, Inc., currently in effect.^
3.4	Form of Amended and Restated Bylaws of Installed Building Products, Inc., to be in effect immediately prior to the effectiveness of this registration statement.
3.5	Form of Amendment to Certificate of Incorporation of Installed Building Products, Inc. to effect the stock split.
4.1	Form of Common Stock Certificate.^
4.2	Rights Agreement, dated as of November 4, 2011, by and among OCM IBP Holdings, Inc., CCIB Holdco, Inc. and Cetus Capital II, LLC.^
4.3	Form of Registration Rights Agreement dated as of November 6, 2013 by and among Installed Building Products, Inc., Cetus Capital II, LLC, IBP Investment Holdings, LLC, IBP Management Holdings, LLC and TCI Holdings, LLC.^
4.4	Stockholders Agreement, dated as of November 4, 2011.^
4.5	Omnibus Agreement to Stockholders' Agreement, dated as of August 31, 2012.^
4.6	Amendment to Stockholders Agreement, dated as of January 27, 2014.^
4.7	Recapitalization and Exchange Agreement by and between CCIB Holdco, Inc. and Cetus Capital II, LLC, dated as of November 4, 2011.^
4.8	Amendment No. 1 to the Recapitalization and Exchange Agreement, dated as of January 27, 2014.
5.1	Opinion of Proskauer Rose LLP.
10.1	Form of Indemnification Agreement for directors and officers.^
10.2	Loan and Security Agreement with Bank of America, N.A., dated as of November 4, 2011.^
10.3	First Amendment to Loan and Security Agreement with Bank of America, N.A., dated as of April 20, 2012.^
10.4	Second Amendment to Loan and Security Agreement with Bank of America, N.A., dated as of August 31, 2012.^
10.5	Third Amendment to Loan and Security Agreement with Bank of America, N.A., dated as of October 22, 2012.^
10.6	Fourth Amendment to Loan and Security Agreement with Bank of America, N.A., dated as of December 21, 2012.^
10.7	Fifth Amendment to Loan and Security Agreement with Bank of America, N.A., dated as of July 30, 2013.^
10.8	Second Amended and Restated Management Agreement, dated as of April 30, 2010, among IBP Holding Company, Installed Building Products, LLC, OCM IBP Holdings, Inc., Stonehenge Opportunity Fund LLC, Primus IBP Investment, LLC and Primus Executive Fund V Limited Partnership.^
10.9	Amendment to Second Amended and Restated Management Agreement, dated as of November 4, 2011, among IBP Holding Company, Installed Building Products, LLC, OCM IBP Holdings, Inc., Stonehenge Opportunity Fund LLC, Primus IBP Investment, LLC and Primus Executive Fund V Limited Partnership and Cetus Capital II LLC as successor in interest to JP Morgan Chase Bank, N.A. as Agent.^

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<u>Exhibit Number</u>	<u>Description</u>
10.10	Management Agreement, dated as of October 29, 2007, by and among IBP Holding Company, Installed Building Products II, LLC, Stonehenge Opportunity Fund LLC, Mezzanine Opportunities LLC, Primus IBP Investment, LLC, Primus Executive Fund V Limited Partnership, OCM IBP Holdings II, Inc. and Fifth Third Bank.^
10.11	Amendment to Management Agreement, dated as of November 4, 2011, by and among IBP Holding Company, Installed Building Products II, LLC, Stonehenge Opportunity Fund LLC, Mezzanine Opportunities LLC, Primus IBP Investment, LLC, Primus Executive Fund V Limited Partnership, OCM IBP Holdings II, Inc. and Fifth Third Bank.^
10.12	Contribution and Exchange Agreement, dated as of November 4, 2011, by and among CCIB Holdco, Inc., IBHL A Holding Company, Inc., IBHL B Holding Company, Inc. and IBP Holdings, LLC.^
10.13	Membership Interest Purchase Agreement, dated as of August 31, 2012, by and among Installed Building Products, LLC, CCIB Holdco, Inc., and GNV Holdings, LLC (now known as TCI Holdings, LLC).^
10.14	Management Services and Fee Agreement, dated as of December 18, 2012, among Littlejohn Managers, LLC, Jeff Edwards, IBP Holding Company, GNV Holdings, LLC (now known as TCI Holdings, LLC) and CCIB Holdco, Inc. #^
10.15	Termination of Management Services and Fee Agreement, dated November 22, 2013. #^
10.16	Employment Agreement, dated as of March 7, 2002, by and between Installed Building Products, Inc. and Jay Elliott. #^
10.17	Amendment to Employment Agreement, dated as of February 12, 2009, by and between Installed Building Products, Inc. and Jay Elliott. #^
10.18	Termination Agreement, dated October 1, 2013, by and between Installed Building Products, LLC and Jay Elliott. #^
10.19	Consulting Agreement, dated as of March 2004, by and between Installed Building Products, Inc. and Jeff Edwards. #^
10.20	Employment Agreement, dated as of November 1, 2013, by and between Installed Building Products, Inc. and Jeff Edwards. #^
10.21	Installed Building Products, Inc. 2014 Omnibus Incentive Plan. #^
10.22	Sixth Amendment to Loan and Security Agreement with Bank of America, N.A., dated as of January 27, 2014.
21.1	List of Subsidiaries of Installed Building Products, Inc.^
23.1	Consent of independent registered public accounting firm (Deloitte & Touche LLP).
23.2	Consent of independent registered public accounting firm (Crowe Horwath LLP).
23.4	Consent of Proskauer Rose LLP (included in Exhibit 5.1).
24.1	Power of Attorney. Reference is made to the signature page to the Registration Statement.^
99.1	Consent of Lawrence A. Hilsheimer, Director Nominee.^
99.2	Consent of Michael H. Thomas, Director Nominee.^
99.3	Consent of Margot L. Carter, Director Nominee.

* To be filed by amendment.

^ Previously filed.

Indicates management contract or compensatory plan.

INSTALLED BUILDING PRODUCTS, INC.

[] Shares

Common Stock
(\$0.01 par value per Share)

UNDERWRITING AGREEMENT

February [—], 2014

Deutsche Bank Securities Inc.
UBS Securities LLC
as Managing Underwriters

c/o Deutsche Bank Securities Inc.
60 Wall Street, 4th Floor
New York, NY 10005-2858

c/o UBS Securities LLC
299 Park Avenue
New York, New York 10171-0026

Ladies and Gentlemen:

Installed Building Products, Inc. (formerly, CCIB Holdco, Inc.), a Delaware corporation (the "Company"), proposes to issue and sell, and IBP Investment Holdings, LLC, a Delaware limited liability company (the "Selling Stockholder"), proposes to sell, to the underwriters named in Schedule A annexed hereto (the "Underwriters"), for whom you are acting as representatives (the "Representatives"), an aggregate of [—], shares (the "Firm Shares") of common stock, \$0.01 par value per share (the "Common Stock"), of the Company, of which [—] Firm Shares are to be issued and sold by the Company and an aggregate of [—] Firm Shares are to be sold by the Selling Stockholder.

The number of Firm Shares to be sold by the Selling Stockholder is [—]. In addition, the Company proposes to grant to the Underwriters the option to purchase from the Company up to an additional [—] shares of Common Stock (the "Additional Shares"), of which up to [—] Additional Shares are to be issued and sold by the Company. The Firm Shares and the Additional Shares are hereinafter collectively sometimes referred to as the "Shares." The Shares are described in the Prospectus that is referred to below.

The Company has prepared and filed, in accordance with the provisions of the Securities Act of 1933, as amended, and the rules and regulations thereunder (collectively, the "Act"), with the Securities and Exchange Commission (the "Commission") a registration statement on Form S-1 (File No. 333-193247) under the Act, including a prospectus, relating to the Shares.

Except where the context otherwise requires, "Registration Statement," as used herein, means the registration statement, as amended, at the time of such registration statement's effectiveness for purposes of Section 11 of the Act, as such section applies to the respective Underwriters (the "Effective Time"), including (i) all documents filed as a part thereof, (ii) any information contained in a prospectus filed with the Commission pursuant to Rule 424(b) under the Act, to the extent such information is deemed, pursuant to Rule 430A or Rule 430C under the Act, to be part of the registration statement at the Effective Time, and (iii) any registration statement filed to register the offer and sale of Shares pursuant to Rule 462(b) under the Act.

Except where the context otherwise requires, “Prospectus,” as used herein, means the prospectus, relating to the Shares, filed by the Company with the Commission pursuant to Rule 424(b) under the Act on or before the second business day after the date hereof (or such earlier time as may be required under the Act), or, if no such filing is required, the final prospectus included in the Registration Statement at the time it became effective under the Act, in each case in the form furnished by the Company to you for use by the Underwriters and by dealers in connection with the offering of the Shares.

“Preliminary Prospectus,” as used herein, means, as of any time, the prospectus relating to the Shares that is included in the Registration Statement immediately prior to that time.

“Permitted Free Writing Prospectuses,” as used herein, means the documents listed on Schedule B attached hereto under the heading “Permitted Free Writing Prospectuses” and each “road show” (as defined in Rule 433 under the Act), if any, related to the offering of the Shares contemplated hereby that is a “written communication” (as defined in Rule 405 under the Act) (each such road show, an “Electronic Road Show”). The Underwriters have not offered or sold and will not offer or sell, without the Company’s consent, any Shares by means of any “free writing prospectus” (as defined in Rule 405 under the Act) that is required to be filed by the Underwriters with the Commission pursuant to Rule 433 under the Act, other than a Permitted Free Writing Prospectus.

“Covered Free Writing Prospectuses,” as used herein, means (i) each “issuer free writing prospectus” (as defined in Rule 433(h)(1) under the Act), if any, relating to the Shares that is not a Permitted Free Writing Prospectus and (ii) each Permitted Free Writing Prospectus.

“Exempt Written Communication,” as used herein, means each written communication, if any, by the Company or any person authorized to act on behalf of the Company made to one or more qualified institutional buyers (“QIBs”) as such term is defined in Rule 144A under the Act and/or one or more institutions that are accredited investors (“IAs”), as defined in Rule 501(a) under the Act to determine whether such investors might have an interest in a contemplated securities offering.

“Exempt Oral Communication,” as used herein, means each oral communication made prior to the filing of the Registration Statement by the Company or any person authorized to act on behalf of the Company made to one or more QIBs and/or one or more IAs to determine whether such investors might have an interest in a contemplated securities offering.

“Permitted Exempt Written Communication,” as used herein, means the documents listed on Schedule B attached hereto under the heading “Permitted Exempt Written Communications”.

“Covered Exempt Written Communication,” as used herein, means (i) each Exempt Written Communication that is not a Permitted Exempt Written Communication and (ii) each Permitted Exempt Written Communication.

“Disclosure Package,” as used herein, means, collectively, with the pricing information set forth on Schedule B attached hereto under the heading “Pricing Information Provided Orally by Underwriters,” the Preliminary Prospectus and all Permitted Free Writing Prospectuses, if any, considered together.

“Applicable Time,” as used herein, means [—] P.M., New York City time, on February [—], 2014.

As used in this Agreement, “business day” shall mean a day on which the New York Stock Exchange (the “NYSE”) is open for trading. The terms “herein,” “hereof,” “hereto,” “hereinafter” and similar terms, as used in this Agreement, shall in each case refer to this Agreement as a whole and not to any particular section, paragraph, sentence or other subdivision of this Agreement. The term “or,” as used herein, is not exclusive.

The Company has prepared and filed, in accordance with Section 12 of the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder (collectively, the “Exchange Act”), a registration statement (as amended, the “Exchange Act Registration Statement”) on Form 8-A (File No. 333-[—]) under the Exchange Act to register, under Section 12(b) of the Exchange Act, the class of securities consisting of the Common Stock.

The Company, the Selling Stockholder and the Underwriters agree as follows:

1. Sale and Purchase. Upon the basis of the representations and warranties and subject to the terms and conditions herein set forth, the Company agrees to issue and sell, and the Selling Stockholder agrees to sell, in each case severally and not jointly, to the respective Underwriters and each of the Underwriters, severally and not jointly, agrees to purchase from the Company and the Selling Stockholder, the respective number of Firm Shares (subject to such adjustment as the Representatives may determine to avoid fractional shares) which bears the same proportion to the total number of Firm Shares to be sold by the Company or by the Selling Stockholder, as the case may be, as the number of Firm Shares set forth opposite the name of such Underwriter in Schedule A attached hereto, subject to adjustment in accordance with Section 11 hereof, in each case at a purchase price of \$[—] per Share. The Company is advised by you that the Underwriters intend (i) to make a public offering of their respective portions of the Firm Shares as soon after the effective date of the Registration Statement as in your judgment is advisable and (ii) initially to offer the Firm Shares upon the terms set forth in the Prospectus. You may from time to time increase or decrease the public offering price after the initial public offering to such extent as you may determine.

In addition, the Company hereby grants to the several Underwriters the option (the “Option”) to purchase, and upon the basis of the representations and warranties and subject to the terms and conditions herein set forth, the Underwriters shall have the right to purchase, severally and not jointly, from the Company, ratably in accordance with the number of Firm Shares to be purchased by each of them, all or a portion of the Additional Shares, at the same purchase price per share to be paid by the Underwriters to the Company and the Selling Stockholder for the Firm Shares less an amount per share equal to any dividend or distribution declared by the Company and payable on the Firm Shares but not payable on the Additional Shares. The Option may be exercised by the Representatives on behalf of the several Underwriters at any time and from time to time on or before the thirtieth day following the date of the Prospectus, by written notice to the Company. Such notice shall set forth the aggregate number of Additional Shares as to which the Option is being exercised and the date and time when the Additional Shares are to be delivered (any such date and time being herein referred to as an “additional time of purchase”); provided, however, that no additional time of purchase shall be earlier than the “time of purchase”

(as defined below) nor earlier than the second business day after the date on which the Option shall have been exercised nor later than the tenth business day after the date on which the Option shall have been exercised. The number of Additional Shares to be sold to each Underwriter shall be the number which bears the same proportion to the aggregate number of Additional Shares being purchased as the number of Firm Shares set forth opposite the name of such Underwriter on Schedule A hereto bears to the total number of Firm Shares (subject, in each case, to such adjustment as the Representatives may determine to eliminate fractional shares), subject to adjustment in accordance with Section 11 hereof.

2. Payment and Delivery. Payment of the purchase price for the Firm Shares shall be made to the Company and to the Selling Stockholder by federal funds wire transfer against delivery of the certificates for the Firm Shares to you through the facilities of The Depository Trust Company (“DTC”) for the respective accounts of the Underwriters. Such payment and delivery shall be made at 10:00 A.M., New York City time, on [—] (unless another time shall be agreed to by you and the Company and the Selling Stockholder or unless postponed in accordance with the provisions of Section 11 hereof). The time at which such payment and delivery are to be made is hereinafter sometimes called the “time of purchase.” Electronic transfer of the Firm Shares shall be made to you at the time of purchase in such names and in such denominations as you shall specify.

Payment of the purchase price for the Additional Shares shall be made at the additional time of purchase in the same manner and at the same office and time of day as the payment for the Firm Shares. Electronic transfer of the Additional Shares shall be made to you at the additional time of purchase in such names and in such denominations as you shall specify.

Deliveries of the documents described in Section 9 hereof with respect to the purchase of the Shares shall be made at the offices of Skadden, Arps, Slate, Meagher & Flom LLP at Four Times Square, New York, NY 10036, at 9:00 A.M., New York City time, on the date of the closing of the purchase of the Firm Shares or the Additional Shares, as the case may be.

3. Representations and Warranties of the Company. The Company represents and warrants to and agrees with each of the Underwriters that:

(a) the Registration Statement has heretofore become effective under the Act or, with respect to any registration statement to be filed to register the offer and sale of Shares pursuant to Rule 462(b) under the Act, will be filed with the Commission and become effective under the Act no later than 10:00 P.M., New York City time, on the date of determination of the public offering price for the Shares; no stop order of the Commission preventing or suspending the use of any Preliminary Prospectus or Permitted Free Writing Prospectus, or the effectiveness of the Registration Statement, has been issued, and no proceedings for such purpose have been instituted or, to the Company’s knowledge, are contemplated by the Commission; the Exchange Act Registration Statement has become effective as provided in Section 12 of the Exchange Act;

(b) as of the Effective Time, the Registration Statement complied in all material respects with the requirements of the Act and did not contain an untrue statement

of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading; as of the Applicable Time, the Preliminary Prospectus complied in all material respects with the requirements of the Act (including, without limitation, Section 10(a) of the Act) and the Disclosure Package did not include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; the Prospectus will comply, as of its date, the time of purchase and each additional time of purchase, if any, in all material respects, with the requirements of the Act (including, without limitation, Section 10(a) of the Act) and, as of the date the Prospectus is filed with the Commission, the time of purchase and any additional time of purchase, if any, the Prospectus will not, as then amended or supplemented, include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, that the Company makes no representation or warranty in this Section 3(b) with respect to any statement contained in the Registration Statement, the Disclosure Package or the Prospectus made in reliance upon and in conformity with information concerning an Underwriter and furnished in writing by or on behalf of such Underwriter through you to the Company expressly for use in the Registration Statement, the Disclosure Package or the Prospectus;

(c) prior to the execution of this Agreement, the Company has not, directly or indirectly, offered or sold any Shares by means of any “prospectus” (within the meaning of the Act) or used any “prospectus” (within the meaning of the Act) in connection with the offer or sale of the Shares, in each case other than the Preliminary Prospectus, the Permitted Free Writing Prospectuses, if any, and, the Permitted Exempt Written Communications, if any; the Company has not, directly or indirectly, prepared, used or referred to any Permitted Free Writing Prospectus except in compliance with Rules 164 and 433 under the Act; assuming that such Permitted Free Writing Prospectus is accompanied or preceded by the most recent Preliminary Prospectus that contains a price range or the Prospectus, as the case may be, and that such Permitted Free Writing Prospectus is so sent or given after the Registration Statement was filed with the Commission (and after such Permitted Free Writing Prospectus was, if required pursuant to Rule 433(d) under the Act, filed with the Commission), the sending or giving, by any Underwriter, of any Permitted Free Writing Prospectus will satisfy the provisions of Rule 164 and Rule 433 (without reliance on subsections (b), (c) and (d) of Rule 164); neither the Company nor the Underwriters are disqualified, by reason of subsection (f) or (g) of Rule 164 under the Act, from using, in connection with the offer and sale of the Shares, “free writing prospectuses” (as defined in Rule 405 under the Act) pursuant to Rules 164 and 433 under the Act; the Company is not an “ineligible issuer” (as defined in Rule 405 under the Act) as of the eligibility determination date for purposes of Rules 164 and 433 under the Act with respect to the offering of the Shares contemplated by the Registration Statement, without taking into account any determination by the Commission pursuant to Rule 405 under the Act that it is not necessary under the circumstances that the Company be considered an “ineligible issuer”; the parties hereto agree and understand that the content of any and all “road shows” (as defined in Rule 433 under the Act), Exempt Oral Communications and Covered Exempt Written Communications related to the offering of the Shares contemplated hereby are solely the property of the Company; the Company

has caused there to be made available at least one version of a “*bona fide* electronic road show” (as defined in Rule 433 under the Act) in a manner that, pursuant to Rule 433(d)(8)(ii) under the Act, causes the Company not to be required, pursuant to Rule 433(d) under the Act, to file, with the Commission, any Electronic Road Show;

(d) as of the date of this Agreement, the Company qualifies as an emerging growth company (“EGC”), as defined in Section 2(a)(19) of the Act;

(e) each Permitted Exempt Written Communication, if any, did not as of its date include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(f) the Company has, prior to the date of the Preliminary Prospectus, furnished to you a list containing the names of the recipients of all Covered Exempt Written Communications and all Exempt Oral Communications, other than those Exempt Oral Communications made by the Underwriters;

(g) the Company has filed publicly on the Commission’s EDGAR database at least 21 calendar days prior to any “road show,” (as defined in Rule 433 under the Act) any confidentially submitted registration statements and registration amendments relating to the offer and sale of the Shares;

(h) each Covered Exempt Written Communication, if any, does not as of the date hereof conflict with the information contained in the Registration Statement, the Preliminary Prospectus and the Prospectus;

(i) as of the date of this Agreement, the Company has an authorized and outstanding capitalization as set forth in the sections of the Registration Statement, the Disclosure Package and the Prospectus entitled “Capitalization” and “Description of Capital Stock” (and any similar sections or information, if any, contained in any Permitted Free Writing Prospectus), and, as of the time of purchase and any additional time of purchase, as the case may be, the Company shall have an authorized and outstanding capitalization as set forth in the sections of the Registration Statement, the Disclosure Package and the Prospectus entitled “Capitalization” and “Description of Capital Stock” (and any similar sections or information, if any, contained in any Permitted Free Writing Prospectus) (subject, in each case, to the issuance of shares of Common Stock upon exercise of stock options and warrants disclosed as outstanding in the Registration Statement (excluding the exhibits thereto), each Preliminary Prospectus and the Prospectus and the grant of options under existing stock option plans described in the Registration Statement (excluding the exhibits thereto), each Preliminary Prospectus and the Prospectus); all of the issued and outstanding shares of capital stock, including the Common Stock, of the Company have been duly authorized and validly issued and are fully paid and non-assessable, have been issued in compliance with all applicable securities laws and were not issued in violation of any preemptive right, resale right, right of first refusal or similar right; prior to the date hereof, the Company has duly effected and completed a 19.5-for-one stock split of the Common Stock in the manner described

in the Registration Statement (excluding the exhibits thereto), each Preliminary Prospectus and the Prospectus; and the Amended and Restated Certificate of Incorporation of the Company and the Amended and Restated Bylaws of the Company, each in the form filed as an exhibit to the Registration Statement, have been heretofore duly authorized and approved in accordance with the Delaware General Corporation Law and shall become effective and in full force and effect at or before the time of purchase; the Shares are duly listed, and admitted and authorized for trading, subject to official notice of issuance and evidence of satisfactory distribution, on the NYSE;

(j) the Company has been duly incorporated and is validly existing as a corporation in good standing under the laws of the State of Delaware, with full corporate power and authority to own, lease and operate its properties and conduct its business as described in the Registration Statement, the Disclosure Package and the Prospectus, to execute and deliver this Agreement and to issue, sell and deliver the Shares to be sold by it pursuant hereto as contemplated herein;

(k) the Company is duly qualified to do business as a foreign corporation and is in good standing in each jurisdiction where the ownership or leasing of its properties or the conduct of its business requires such qualification, except where the failure to be so qualified and in good standing would not, individually or in the aggregate, either (i) have a material adverse effect on the business, properties, financial condition, results of operations or prospects of the Company and its subsidiaries taken as a whole, (ii) prevent or materially interfere with consummation of the transactions contemplated hereby or (iii) prevent the shares of Common Stock from being accepted for listing on, or result in the delisting of shares of Common Stock from the NYSE (the occurrence of any such effect or any such prevention or interference or any such result described in the foregoing clauses (i), (ii) and (iii) being herein referred to as a "Material Adverse Effect");

(l) the Company has no significant subsidiaries (as that term is defined in Rule 1-02(w) of Regulation S-X under the Act) other than the entities listed on Exhibit 21.1 of the Registration Statement; the Company has no subsidiaries that contributed more than five percent (5%) of the Company's consolidated net revenue for the year ended December 31, 2013 other than the entities listed on Annex A hereto (such subsidiaries listed on Annex A are referred to herein collectively as the "Subsidiaries"); the Company owns that percentage of the issued and outstanding capital stock of each of the Subsidiaries as set forth on Annex A; complete and correct copies of the charters and the bylaws (or other similar organizational documents) of the Company and each Subsidiary and all amendments thereto have been delivered to you, and except as set forth in the exhibits to the Registration Statement, no changes therein will be made on or after the date hereof through and including the time of purchase or, if later, any additional time of purchase; each Subsidiary has been duly incorporated and is validly existing as a corporation or limited liability company in good standing under the laws of the jurisdiction of its incorporation or formation, with full corporate or limited liability company power and authority to own, lease and operate its properties and to conduct its business as described in the Registration Statement, the Disclosure Package and the Prospectus, except where the failure to be in good standing would not reasonably be expected to, individually or in the aggregate, have a Material Adverse Effect; each

Subsidiary is duly qualified to do business as a foreign corporation or limited liability company and is in good standing in each jurisdiction where the ownership or leasing of its properties or the conduct of its business requires such qualification, except where the failure to be so qualified and in good standing would not, individually or in the aggregate, have a Material Adverse Effect; all of the outstanding shares of capital stock of each of the Subsidiaries have been duly authorized and validly issued, are fully paid and non-assessable, have been issued in compliance with all applicable securities laws, were not issued in violation of any preemptive right, resale right, right of first refusal or similar right and all of such shares owned by the Company are owned subject to no security interest, other encumbrance or adverse claims; and no options, warrants or other rights to purchase, agreements or other obligations to issue or other rights to convert any obligation into shares of capital stock or ownership interests in the Subsidiaries are outstanding;

(m) the Shares to be sold by the Company pursuant hereto have been duly and validly authorized and, when issued and delivered against payment therefor as provided herein, will be duly and validly issued, fully paid and non-assessable and free of statutory and contractual preemptive rights, resale rights, rights of first refusal and similar rights; the Shares to be sold by the Company pursuant hereto, when issued and delivered against payment therefor as provided herein, will be free of any restriction upon the voting or transfer thereof pursuant to the Delaware General Corporation Law or the Company's charter or bylaws or any agreement or other instrument to which the Company is a party; the Shares to be sold by the Selling Stockholder pursuant hereto have been duly and validly authorized and issued and are and, after they are delivered against payment therefor as provided herein, will be fully paid, non-assessable and free of statutory and contractual preemptive rights, resale rights, rights of first refusal and similar rights; the Shares to be sold by the Selling Stockholder pursuant hereto are and, after they are delivered against payment therefor as provided herein, will be free of any restriction upon the voting or transfer thereof pursuant to the Company's charter or bylaws or any agreement or other instrument to which the Company is a party;

(n) the capital stock of the Company, including the Shares, conforms in all material respects to each description thereof contained in the Registration Statement, the Disclosure Package and the Prospectus; and the certificates for the Shares are in due and proper form;

(o) this Agreement has been duly authorized, executed and delivered by the Company;

(p) neither the Company nor any of the Subsidiaries is in breach or violation of or in default under (nor has any event occurred which, with notice, lapse of time or both, would result in any breach or violation of, constitute a default under or give the holder of any indebtedness (or a person acting on such holder's behalf) the right to require the repurchase, redemption or repayment of all or a part of such indebtedness under) (A) its charter or bylaws (or other similar organizational documents), or (B) any indenture, mortgage, deed of trust, bank loan or credit agreement or other evidence of indebtedness, or any license, lease, contract or other agreement or instrument to which it

is a party or to which it or any of its properties are subject, or (C) any applicable federal, state, local or foreign law, regulation or rule, or (D) any rule or regulation of any self-regulatory organization or other non-governmental regulatory authority (including, without limitation, the rules and regulations of the NYSE), or (E) any decree, judgment or order applicable to it or any of its properties, other than, in the cases of clauses (B), (C), (D) and (E) above, such breaches, violations or defaults that would not reasonably be expected to, individually or in the aggregate, have a Material Adverse Effect;

(q) the execution, delivery and performance of this Agreement, the issuance and sale of the Shares to be sold by the Company pursuant hereto, the sale of the Shares to be sold by the Selling Stockholder pursuant hereto and the consummation of the transactions contemplated hereby will not conflict with, result in any breach or violation of or constitute a default under (nor constitute any event which, with notice, lapse of time or both, would result in any breach or violation of, constitute a default under or give the holder of any indebtedness (or a person acting on such holder's behalf) the right to require the repurchase, redemption or repayment of all or a part of such indebtedness under) (or result in the creation or imposition of a lien, charge or encumbrance on any property or assets of the Company or any Subsidiary pursuant to) (A) the charter or bylaws (or other similar organizational documents) of the Company or any of the Subsidiaries, or (B) any indenture, mortgage, deed of trust, bank loan or credit agreement or other evidence of indebtedness, or any license, lease, contract or other agreement or instrument to which the Company or any of the Subsidiaries is a party or to which any of them or any of their respective properties are subject, or (C) any applicable federal, state, local or foreign law, regulation or rule, or (D) any rule or regulation of any self-regulatory organization or other non-governmental regulatory authority (including, without limitation, the rules and regulations of the NYSE), or (E) any decree, judgment or order applicable to the Company or any of the Subsidiaries or any of their respective properties, other than, in the cases of clauses (B), (C), (D) and (E) above, such breaches, violations or defaults that would not reasonably be expected to, individually or in the aggregate, have a Material Adverse Effect;

(r) no approval, authorization, consent or order of or filing with any federal, state, local or foreign governmental or regulatory commission, board, body, authority or agency, or of or with any self-regulatory organization or other non-governmental regulatory authority (including, without limitation, the NYSE), or approval of the stockholders of the Company, is required in connection with the issuance and sale of the Shares to be sold by the Company pursuant hereto, the sale of the Shares to be sold by the Selling Stockholder pursuant hereto or the consummation by the Company of the transactions contemplated hereby, except as have already been obtained or made as of the date of this Agreement, other than (i) registration of the Shares under the Act, which has been effected (or, with respect to any registration statement to be filed hereunder pursuant to Rule 462(b) under the Act, will be effected in accordance herewith), (ii) any necessary qualification under the securities or blue sky laws of the various jurisdictions in which the Shares are being offered by the Underwriters, (iii) under the Conduct Rules of FINRA, (iv) any listing applications and related consents or any notices required by NYSE in the ordinary course of the offering of the Shares, (v) filings with the Commission pursuant to Rule 424(b) under the Act or (vi) filings with the Commission on Form 8-K with respect to the Underwriting Agreement;

(s) except as described in the Registration Statement (excluding the exhibits thereto), the Disclosure Package and the Prospectus (i) no person has the right, contractual or otherwise, to cause the Company to issue or sell to it any shares of Common Stock or shares of any other capital stock or other equity interests of the Company, (ii) no person has any preemptive rights, resale rights, rights of first refusal or other rights to purchase any shares of Common Stock or shares of any other capital stock of or other equity interests in the Company and (iii) no person has the right to act as an underwriter or as a financial advisor to the Company in connection with the offer and sale of the Shares; no person has the right, contractual or otherwise, to cause the Company to register under the Act any shares of Common Stock or shares of any other capital stock of or other equity interests in the Company or to include any such shares or interests in the Registration Statement or the offering contemplated thereby;

(t) each of the Company and the Subsidiaries has all necessary licenses, authorizations, consents and approvals and has made all necessary filings required under any applicable law, regulation or rule, and has obtained all necessary licenses, authorizations, consents and approvals from other persons, in order to conduct their respective businesses, except where the failure to have, make or obtain the same would not reasonably be expected to, individually or in the aggregate, have a Material Adverse Effect; neither the Company nor any of the Subsidiaries is in violation of, or in default under, or has received notice of any proceedings relating to revocation or modification of, any such license, authorization, consent or approval or any applicable federal, state, local or foreign law, regulation or rule or any decree, order or judgment applicable to the Company or any of the Subsidiaries, except where such violation, default, revocation or modification would not reasonably be expected to, individually or in the aggregate, have a Material Adverse Effect;

(u) there are no actions, suits, claims, investigations or proceedings pending or, to the Company's knowledge, threatened to which the Company or any of the Subsidiaries or, to the Company's knowledge, any of the Company's respective directors or officers is or would be a party or of which any of their respective properties is or would be subject at law or in equity, before or by any applicable federal, state, local or foreign governmental or regulatory commission, board, body, authority or agency, or before or by any self-regulatory organization or other non-governmental regulatory authority (including, without limitation, the NYSE), except any such action, suit, claim, investigation or proceeding which, if resolved adversely to the Company or any Subsidiary, would not reasonably be expected to, individually or in the aggregate, have a Material Adverse Effect;

(v) each of Deloitte & Touche LLP and Crowe Horwarth LLP, whose reports on the consolidated financial statements of the Company and its subsidiaries are included; in the Registration Statement, the Disclosure Package and the Prospectus, are independent registered public accountants as required by the Act and by the rules of the Public Company Accounting Oversight Board;

(w) the financial statements included in the Registration Statement, the Disclosure Package and the Prospectus, together with the related notes and schedules, present fairly in all material respects the consolidated financial position of the Company and its subsidiaries as of the dates indicated and the consolidated results of operations, cash flows and changes in stockholders' equity of the Company and its subsidiaries for the periods specified and have been prepared in compliance with the requirements of the Act and Exchange Act and in conformity with U.S. generally accepted accounting principles applied on a consistent basis during the periods involved; the other financial and statistical data contained in the Registration Statement, the Disclosure Package and the Prospectus are accurately and fairly presented and prepared on a basis consistent with the financial statements and books and records of the Company; there are no financial statements (historical or pro forma) that are required to be included in the Registration Statement, the Disclosure Package or the Prospectus that are not included as required; the Company and the subsidiaries do not have any liabilities or obligations, direct or contingent (including any off-balance sheet obligations), which are material to the Company and its subsidiaries taken as a whole, not described in the Registration Statement (excluding the exhibits thereto), the Disclosure Package and the Prospectus; and all disclosures contained in the Registration Statement, the Disclosure Package and the Prospectus regarding "non-GAAP financial measures" (as such term is defined by the rules and regulations of the Commission) comply with Regulation G of the Exchange Act and Item 10 of Regulation S-K under the Act, to the extent applicable;

(x) except as disclosed in the Registration Statement (excluding the exhibits thereto), the Disclosure Package and the Prospectus, each stock option granted under any stock option plan of the Company or any Subsidiary and, to the knowledge of the Company, any other subsidiary (each, a "Stock Plan") was granted with a per share exercise price no less than the fair market value per share of Common Stock on the grant date of such option, and no such grant involved any "back-dating," "forward-dating" or similar practice with respect to the effective date of such grant; except as would not reasonably be expected to, individually or in the aggregate, have a Material Adverse Effect, each such option (i) was granted in compliance with applicable law and with the applicable Stock Plan(s), (ii) was duly approved by the board of directors (or a duly authorized committee thereof or an officer of the Company duly authorized by the board of directors or authorized committee thereof to make such grants) of the Company or such subsidiary, as applicable, and (iii) has been properly accounted for in the Company's financial statements in accordance with U.S. generally accepted accounting principles and disclosed in the Company's filings with the Commission;

(y) subsequent to the respective dates as of which information is given in the Registration Statement, the Disclosure Package and the Prospectus, in each case excluding any amendments or supplements to the foregoing made after the execution of this Agreement, there has not been (i) any material adverse change, or any development involving a prospective material adverse change, in the business, properties, management, financial condition or results of operations of the Company and its subsidiaries taken as a whole, (ii) any transaction to which the Company is a party and which is material to the Company and its subsidiaries taken as a whole, (iii) any obligation or liability, direct or contingent (including any off-balance sheet obligations), incurred by the Company or any

subsidiary, which is material to the Company and its subsidiaries taken as a whole, (iv) any change in the capital stock of the Company or any subsidiary or increase in any obligation or liability, direct or contingent (including any off-balance sheet obligations), incurred by the Company or any subsidiary, which is material to the Company and the subsidiaries taken as a whole or (v) any dividend or distribution of any kind declared, paid or made on the capital stock of the Company or any subsidiary;

(z) the Company has obtained for the benefit of the Underwriters the agreement (a "Lock-Up Agreement"), in the form set forth as Exhibit A hereto, of each person or entity listed on Exhibit A-1 hereto;

(aa) neither the Company nor any Subsidiary is and, after giving effect to the offering and sale of the Shares and the application of the proceeds thereof, neither of them will be, an "investment company" or an entity "controlled" by an "investment company," as such terms are defined in the Investment Company Act of 1940, as amended (the "Investment Company Act");

(bb) the Company and each of the Subsidiaries have good and marketable title to all property (real and personal, excluding for the purposes of this Section 3(bb), Intellectual Property (as defined below)) described in the Registration Statement, the Disclosure Package and the Prospectus as being owned by any of them, free and clear of all liens, claims, security interests or other encumbrances, except those that do not materially interfere with the use of such property by the Company or any Subsidiary and would not reasonably be expected to, individually or in the aggregate, have a Material Adverse Effect; all the property described in the Registration Statement, the Disclosure Package and the Prospectus as being held under lease by the Company or a Subsidiary is held thereby under valid, subsisting and enforceable leases, except as would not reasonably be expected to, individually or in the aggregate, have a Material Adverse Effect;

(cc) each of the Company and the Subsidiaries owns or possesses all inventions, patent applications, patents, trademarks (both registered and unregistered), tradenames, service names, copyrights, trade secrets and other proprietary information described in the Registration Statement, the Disclosure Package and the Prospectus as being owned or licensed by it or which is necessary for the conduct of, or material to, its businesses (collectively, the "Intellectual Property"), and the Company is unaware of any claim to the contrary or any challenge by any other person to the rights of the Company or any of the Subsidiaries with respect to the Intellectual Property; neither the Company nor any of the Subsidiaries has infringed or is infringing the intellectual property of a third party, and neither the Company nor any Subsidiary has received notice of a claim by a third party to the contrary;

(dd) neither the Company nor, to the knowledge of the Company, any of its subsidiaries is engaged in any unfair labor practice; except as disclosed in the Registration Statement, the Disclosure Package and the Prospectus and for matters which would not reasonably be expected to, individually or in the aggregate, have a Material Adverse Effect, (i) there is (A) no unfair labor practice complaint pending or, to the

Company's knowledge, threatened against the Company or any of its subsidiaries before the National Labor Relations Board, and no grievance or arbitration proceeding arising out of or under collective bargaining agreements is pending or, to the Company's knowledge, threatened, (B) no strike, labor dispute, slowdown or stoppage pending or, to the Company's knowledge, threatened against the Company or any of its subsidiaries and (C) no union representation dispute currently existing concerning the employees of the Company or any of its subsidiaries, (ii) to the Company's knowledge, no union organizing activities are currently taking place concerning the employees of the Company or any of its subsidiaries and (iii) there has been no violation of any federal, state, local or foreign law relating to discrimination in the hiring, promotion or pay of employees, any applicable wage or hour laws or any provision of the Employee Retirement Income Security Act of 1974, as amended, or the rules and regulations promulgated thereunder concerning the employees of the Company or any of its subsidiaries;

(ee) the Company and the Subsidiaries and their respective properties, assets and operations are in compliance with, and the Company and each of the Subsidiaries hold all permits, authorizations and approvals required under applicable Environmental Laws (as defined below), except to the extent that failure to so comply or to hold such permits, authorizations or approvals would not, individually or in the aggregate, have a Material Adverse Effect; there are no past, present or, to the Company's knowledge, reasonably anticipated future events, conditions, circumstances, activities, practices, actions, omissions or plans that could reasonably be expected to give rise to any material costs or liabilities to the Company or any Subsidiary under, or to interfere with or prevent compliance by the Company or any Subsidiary with, Environmental Laws; in each case, except as would not, individually or in the aggregate, have a Material Adverse Effect, neither the Company nor any of the Subsidiaries (i) is the subject of any investigation, (ii) has received any notice or claim, (iii) is a party to any pending or, to the Company's knowledge, threatened action, suit or proceeding, (iv) is bound by any judgment, decree or order or (v) has entered into any agreement, in each case relating to any alleged violation of any Environmental Law or any actual or alleged release or threatened release or cleanup at any location of any Hazardous Materials (as defined below) (as used herein, "Environmental Law" means any federal, state, local or foreign law, statute, ordinance, rule, regulation, order, decree, judgment, injunction, permit, license, authorization or other binding requirement, or common law, relating to health, safety or the protection, cleanup or restoration of the environment or natural resources, including those relating to the distribution, processing, generation, treatment, storage, disposal, transportation, other handling or release or threatened release of Hazardous Materials, and "Hazardous Materials" means any material (including, without limitation, pollutants, contaminants, hazardous or toxic substances or wastes) that is regulated by or may give rise to liability under any Environmental Law);

(ff) in the ordinary course of their business, the Company and each of the Subsidiaries conduct periodic reviews of the effect of the Environmental Laws on their respective businesses, operations and properties, in the course of which they identify and evaluate associated costs and liabilities (including, without limitation, any material capital or operating expenditures required for cleanup, closure of properties or compliance with applicable Environmental Laws, any related constraints on operating activities and any potential liabilities to third parties under such Environmental Laws);

(gg) all tax returns required to be filed by the Company or any of the Subsidiaries have been timely filed (within any applicable time limit extensions permitted by the relevant tax authority), except where such failure to timely file would not reasonably be expected to, individually or in the aggregate, have a Material Adverse Effect, and all material taxes and other assessments of a similar nature (whether imposed directly or through withholding) including any interest, additions to tax or penalties applicable thereto due or claimed to be due from such entities have been timely paid, other than those being contested in good faith and for which adequate reserves have been provided, and where such failure to timely pay would not reasonably be expected to, individually or in the aggregate, have a Material Adverse Effect;

(hh) the Company and each of the Subsidiaries maintain insurance covering their respective properties, operations, personnel and businesses as the Company reasonably deems adequate; such insurance insures against such losses and risks to an extent which is adequate in accordance with customary industry practice to protect the Company and the Subsidiaries and their respective businesses; all such insurance is fully in force on the date hereof and will be fully in force at the time of purchase and each additional time of purchase, if any; neither the Company nor any Subsidiary has reason to believe that it will not be able to (i) renew any such insurance as and when such insurance expires or (ii) obtain comparable coverage from similar institutions as may be necessary or appropriate to conduct its business as now conducted at a cost that would not reasonably be expected to, individually or in the aggregate, have a Material Adverse Effect;

(ii) neither the Company nor any subsidiary has sent or received any communication regarding termination of, or intent not to renew, any of the contracts or agreements referred to or described in the Disclosure Package, the Prospectus or any Permitted Free Writing Prospectus, or referred to or described in, or filed as an exhibit to, the Registration Statement, and no such termination or non-renewal has been threatened by the Company or any subsidiary or, to the Company's knowledge, any other party to any such contract or agreement;

(jj) the Company and each of the Subsidiaries maintain a system of internal accounting controls sufficient to provide reasonable assurance that (i) transactions are executed in accordance with management's general or specific authorization; (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles and to maintain accountability for assets; (iii) access to assets is permitted only in accordance with management's general or specific authorization; and (iv) the recorded accountability for assets is compared with existing assets at reasonable intervals and appropriate action is taken with respect to any differences;

(kk) the Company has established and maintains and evaluates "disclosure controls and procedures" (as such term is defined in Rule 13a-15 and 15d-15 under the

Exchange Act) and “internal control over financial reporting” (as such term is defined in Rule 13a-15 and 15d-15 under the Exchange Act); such disclosure controls and procedures are designed to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to the Company’s Chief Executive Officer and its Chief Financial Officer by others within those entities, and such disclosure controls and procedures are effective to perform the functions for which they were established; the Company’s independent registered public accountants and the Audit Committee of the Board of Directors of the Company have been advised of: (i) all significant deficiencies, if any, in the design or operation of internal controls which could adversely affect the Company’s ability to record, process, summarize and report financial data; and (ii) all fraud, if any, whether or not material, that involves management or other employees who have a role in the Company’s internal controls; all “significant deficiencies” and “material weaknesses” (as such terms are defined in Rule 1-02(a)(4) of Regulation S-X under the Act) of the Company, if any, have been identified to the Company’s independent registered public accountants and are disclosed in the Registration Statement (excluding the exhibits thereto), the Disclosure Package and the Prospectus; since the date of the most recent evaluation of such disclosure controls and procedures and internal controls, there have been no significant changes in internal controls or in other factors that could significantly affect internal controls, including any corrective actions with regard to significant deficiencies and material weaknesses, except for such corrective actions with regard to significant deficiencies and material weaknesses that have been disclosed in the Registration Statement (excluding the exhibits thereto), the Disclosure Package and the Prospectus, which actions (i) are reasonably designed to effect such remediation in a timely manner and, except as described in the Registration Statement (excluding the exhibits thereto), each Preliminary Prospectus and the Prospectus, without material cost or a materially adverse effect on the business or operations of the Company and its subsidiaries, taken as a whole, and (ii) are being diligently pursued by the Company, with the supervision of the Company’s Chief Executive Officer and Chief Financial Officer and such other appropriate personnel of the Company; and the Company has taken all necessary actions to ensure that, upon and at all times after the filing of the Registration Statement, the Company and its subsidiaries and their respective officers and directors, in their capacities as such, will be in compliance in all material respects with the applicable provisions of the Sarbanes-Oxley Act of 2002 (the “Sarbanes-Oxley Act”) and the rules and regulations promulgated thereunder;

(ll) each “forward-looking statement” (within the meaning of Section 27A of the Act or Section 21E of the Exchange Act) contained in the Registration Statement, the Disclosure Package and the Prospectus has been made or reaffirmed with a reasonable basis and in good faith;

(mm) all statistical or market-related data included in the Registration Statement, the Disclosure Package and the Prospectus are based on or derived from sources that the Company reasonably believes to be reliable and accurate, and the Company has obtained the written consent to the use of such data from such sources to the extent required;

(nn) neither the Company nor any of its subsidiaries nor, to the knowledge of the Company, any director, officer, agent, employee or affiliate of the Company or any of

its subsidiaries is aware of or has taken any action, directly or indirectly, that would result in a violation by such persons of the Foreign Corrupt Practices Act of 1977, as amended, and the rules and regulations thereunder (the "Foreign Corrupt Practices Act"); and the Company, its subsidiaries and, to the knowledge of the Company, its affiliates have instituted and maintain policies and procedures designed to ensure continued compliance therewith;

(oo) the operations of the Company and its subsidiaries are and have been conducted at all times in compliance with applicable financial recordkeeping and reporting requirements of the USA Patriot Act, the Bank Secrecy Act of 1970, as amended, the money laundering statutes of all jurisdictions, the rules and regulations thereunder and any related or similar rules, regulations or guidelines, issued, administered or enforced by any governmental agency (collectively, the "Money Laundering Laws"); and no action, suit or proceeding by or before any court or governmental agency, authority or body or any arbitrator or non-governmental authority involving the Company or any of its subsidiaries with respect to the Money Laundering Laws is pending or, to the Company's knowledge, threatened;

(pp) neither the Company nor any of its subsidiaries nor, to the knowledge of the Company, any director, officer, agent, employee or affiliate of the Company or any of its subsidiaries is currently subject to any sanctions administered or enforced by the Office of Foreign Assets Control of the U.S. Treasury Department or any other sanctions authority relevant to the Company's and its subsidiaries' operations, and the Company will not directly or indirectly use the proceeds of the offering of the Shares contemplated hereby, or lend, contribute or otherwise make available such proceeds to any subsidiary, joint venture partner or other person or entity for the purpose of financing the activities of any person currently subject to any sanctions administered or enforced by such authorities;

(qq) no subsidiary is currently prohibited, directly or indirectly, from paying any dividends to the Company, from making any other distribution on such subsidiary's capital stock, from repaying to the Company any loans or advances to such subsidiary from the Company or from transferring any of such subsidiary's property or assets to the Company or any other subsidiary of the Company, except as described in the Registration Statement (excluding the exhibits thereto), the Disclosure Package and the Prospectus;

(rr) the issuance and sale of the Shares to be sold by the Company and the sale of the Shares to be sold by the Selling Stockholder as contemplated hereby will not cause any holder of any shares of capital stock, securities convertible into or exchangeable or exercisable for capital stock or options, warrants or other rights to purchase capital stock or any other securities of the Company to have any right to acquire any shares of preferred stock of the Company;

(ss) except pursuant to this Agreement, neither the Company nor any of its subsidiaries has incurred any liability for any finder's or broker's fee or agent's commission in connection with the execution and delivery of this Agreement or the consummation of the transactions contemplated hereby or by the Registration Statement;

(tt) neither the Company nor any of the subsidiaries nor any of their respective directors or officers, affiliates or controlling persons has taken, directly or indirectly, any action designed, or which has constituted or might reasonably be expected to cause or result in the stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of the Shares; and

(uu) to the Company's knowledge, there are no affiliations or associations between (i) any member of FINRA and (ii) the Company or any of the Company's officers, directors or 5% or greater security holders or any beneficial owner of the Company's unregistered equity securities that were acquired at any time on or after the 180th day immediately preceding the date the Registration Statement was initially filed with the Commission, except as disclosed in the Registration Statement (excluding the exhibits thereto), the Disclosure Package and the Prospectus or any FINRA questionnaire for directors, the Selling Stockholder and 5% or greater security holders of the Company furnished in writing to the Representatives.

In addition, any certificate signed by any officer of the Company or any of its subsidiaries and delivered to any Underwriter or counsel for the Underwriters in connection with the offering of the Shares shall be deemed to be a representation and warranty by the Company, as to matters covered thereby, to each Underwriter.

4. Representations and Warranties of the Selling Stockholder. The Selling Stockholder represents and warrants to each of the Underwriters that:

(a) all Selling Stockholder Information (as defined below) included in the Registration Statement, the Disclosure Package and the Prospectus complied and will comply with Item 403 of Regulation S-K; the Registration Statement, as it relates to any information furnished to the Company by the Selling Stockholder expressly for use therein, did not, as of the Effective Time, contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading; the Disclosure Package, as it relates to any information furnished to the Company by the Selling Stockholder expressly for use therein, did not, as of the Applicable Time, include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; as of the date the Prospectus is filed with the Commission, the time of purchase and each additional time of purchase, if any, the Prospectus, as then amended or supplemented, as it relates to any information furnished to the Company by the Selling Stockholder expressly for use therein, will not include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; it being understood and agreed that the only such information furnished to the Company by the Selling Stockholder contained in the Registration Statement, the Disclosure Package and the Prospectus is the information with respect to the Selling Stockholder (excluding percentages) that appears in the table (and corresponding footnotes) under the heading "Principal and Selling Stockholder" (the "Selling Stockholder Information");

(b) the Selling Stockholder has not, prior to the execution of this Agreement, offered or sold any Shares by means of any “prospectus” (within the meaning of the Act), or used any “prospectus” (within the meaning of the Act) in connection with the offer or sale of the Shares, in each case other than the then most recent Preliminary Prospectus; the Company has not authorized the Selling Stockholder to engage in any Exempt Oral Communication or Covered Exempt Written Communication;

(c) neither the execution, delivery and performance of this Agreement nor the sale by the Selling Stockholder of the Shares to be sold by the Selling Stockholder pursuant to this Agreement nor the consummation of the transactions contemplated hereby or thereby will conflict with, result in any breach or violation of or constitute a default under (or constitute any event which with notice, lapse of time or both would result in any breach or violation of or constitute a default under) (i) if the Selling Stockholder is not an individual, the charter or bylaws or other organizational instruments of the Selling Stockholder, (ii) any indenture, mortgage, deed of trust, bank loan or credit agreement or other evidence of indebtedness, or any license, lease, contract or other agreement or instrument to which the Selling Stockholder is a party or by which the Selling Stockholder or any of its properties may be bound or affected, (iii) any federal, state, local or foreign law, regulation or rule, (iv) any rule or regulation of any self-regulatory organization or other non-governmental regulatory authority (including, without limitation, the rules and regulations of the NYSE), or (v) any decree, judgment or order applicable to the Selling Stockholder or any of its properties;

(d) no approval, authorization, consent or order of or filing with any federal, state, local or foreign governmental or regulatory commission, board, body, authority or agency, or of or with any self-regulatory organization or other non-governmental regulatory authority (including, without limitation, the NYSE), is required in connection with the sale of the Shares to be sold by the Selling Stockholder pursuant to this Agreement or the consummation by the Selling Stockholder of the transactions contemplated hereby other than (i) registration of the Shares under the Act, which has been effected (or, with respect to any registration statement to be filed hereunder pursuant to Rule 462(b) under the Act, will be effected in accordance herewith), (ii) any necessary qualification under the securities or blue sky laws of the various jurisdictions in which the Shares are being offered by the Underwriters or (iii) under the Conduct Rules of FINRA;

(e) neither the Selling Stockholder nor any of its affiliates has taken, directly or indirectly, any action designed to, or which has constituted or might reasonably be expected to cause or result in the stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of the Shares;

(f) there are no affiliations or associations between any member of FINRA and the Selling Stockholder, except as disclosed in the Registration Statement (excluding the exhibits thereto), the Disclosure Package and the Prospectus or any FINRA questionnaire for directors, the Selling Stockholder and 5% or greater security holders of the Company furnished in writing to the Representatives; none of the proceeds received by the Selling Stockholder from the sale of the Shares to be sold by the Selling Stockholder pursuant to this Agreement will be paid to a member of FINRA or any affiliate of (or person “associated with,” as such terms are used in the Bylaws of FINRA) such member;

(g) the Selling Stockholder has, and at the time of purchase and each additional time of purchase will have, valid title to, or a valid “security entitlement” within the meaning of Section 8-501 of the New York Uniform Commercial Code (the “UCC”) in respect of, the Shares to be sold by the Selling Stockholder, and as of the time of purchase and each additional time of purchase, such Shares will be free and clear of all security interests, claims, liens, equities or other encumbrances and the legal right and power, and all authorizations and approvals required by law to enter into this Agreement and to sell, transfer and deliver the Shares to be sold by the Selling Stockholder or a valid security entitlement in respect of such Shares;

(h) upon payment of the purchase price for the Shares to be sold by the Selling Stockholder pursuant to this Agreement, delivery of such Shares, as directed by the Underwriters, to Cede & Co. (“Cede”) or such other nominee as may be designated by DTC, registration of such Shares in the name of Cede or such other nominee and the crediting of such Shares on the books of DTC to securities accounts (within the meaning of Section 8-501(a) of the UCC) of the Underwriters (assuming that neither DTC nor any such Underwriter has notice of any adverse claim (within the meaning of Section 8-105 of the UCC) to such Shares), (A) under Section 8-501 of the UCC, the Underwriters will acquire a valid security entitlement in respect of such Shares and (B) no action (whether framed in conversion, replevin, constructive trust, equitable lien or other theory) based on any adverse claim (within the meaning of Section 8-102 of the UCC), to such Shares may be asserted against the Underwriters with respect to such security entitlement; for purposes of this representation, the Selling Stockholder may assume that when such payment, delivery and crediting occur, (I) such Shares will have been registered in the name of Cede or another nominee designated by DTC, in each case on the Company’s register of members in accordance with its memorandum of association, bye-laws and applicable law, (II) DTC will be registered as a “clearing corporation,” within the meaning of Section 8-102 of the UCC, (III) appropriate entries to the accounts of the several Underwriters on the records of DTC will have been made pursuant to the UCC, (IV) to the extent DTC, or any other securities intermediary which acts as “clearing corporation” with respect to the Shares, maintains any “financial asset” (as defined in Section 8-102(a)(9) of the UCC) in a clearing corporation pursuant to Section 8-111 of the UCC, the rules of such clearing corporation may affect the rights of DTC or such securities intermediaries and the ownership interest of the Underwriters, (V) claims of creditors of DTC or any other securities intermediary or clearing corporation may be given priority to the extent set forth in Section 8-511(b) and 8-511(c) of the UCC and (VI) if at any time DTC or other securities intermediary does not have sufficient Shares to satisfy claims of all of its entitlement holders with respect thereto then all holders will share pro rata in the Shares then held by DTC or such securities intermediary;

(i) the Selling Stockholder has and, at the time of delivery of the Shares to be sold by the Selling Stockholder pursuant to this Agreement (whether the time of purchase or any additional time of purchase, as the case may be), will have full legal right, power and capacity, and all authorizations and approvals required by law (other than those

imposed by the Act and state securities or blue sky laws), to (i) sell, assign, transfer and deliver the Shares to be sold by the Selling Stockholder pursuant to this Agreement in the manner provided in this Agreement and (ii) make the representations, warranties and agreements made by the Selling Stockholder herein;

(j) this Agreement has been duly authorized, executed and delivered by the Selling Stockholder;

(k) the sale of the Shares to be sold by the Selling Stockholder pursuant to this Agreement is not prompted by any information concerning the Company or any subsidiary which is not set forth in the Registration Statement (excluding the exhibits thereto), each Preliminary Prospectus and the Prospectus; and

(l) at the time of purchase and each additional time of purchase, all stock transfer or other taxes (other than income taxes), if any, that are required to be paid in connection with the sale and transfer of the Shares to be sold by the Selling Stockholder to the several Underwriters hereunder will be fully paid or provided for by the Selling Stockholder, and all laws imposing such taxes will be fully complied with.

In addition, any certificate signed by any officer of the Selling Stockholder or any of the Selling Stockholder's subsidiaries and delivered to the Underwriters or counsel for the Underwriters in connection with the offering of the Shares shall be deemed to be a representation and warranty by the Selling Stockholder, as to matters covered thereby, to each Underwriter.

5. Certain Covenants of the Company. The Company hereby agrees:

(a) to furnish such information as may be required and otherwise to cooperate in qualifying the Shares for offering and sale under the securities or blue sky laws of such states or other jurisdictions as you may reasonably designate and to maintain such qualifications in effect so long as you may reasonably request for the distribution of the Shares; provided, however, that the Company shall not be required to qualify as a foreign corporation or to consent to the service of process under the laws of any such jurisdiction (except service of process with respect to the offering and sale of the Shares); and to promptly advise you of the receipt by the Company of any notification with respect to the suspension of the qualification of the Shares for offer or sale in any jurisdiction or the initiation or threatening of any proceeding for such purpose;

(b) to make available to the Underwriters in New York City, as soon as practicable after this Agreement becomes effective, and thereafter from time to time to furnish to the Underwriters, as many copies of the Prospectus (or of the Prospectus as amended or supplemented if the Company shall have made any amendments or supplements thereto after the effective date of the Registration Statement) as the Underwriters may reasonably request for the purposes contemplated by the Act; in case any Underwriter is required to deliver (whether physically or through compliance with Rule 172 under the Act or any similar rule), in connection with the sale of the Shares, a prospectus after the nine-month period referred to in Section 10(a)(3) of the Act, the Company will prepare, at its expense, promptly upon reasonable request such amendment or amendments to the Registration Statement and the Prospectus as may be necessary to permit compliance with the requirements of Section 10(a)(3) of the Act;

(c) if, at the time this Agreement is executed and delivered, it is necessary or appropriate for a post-effective amendment to the Registration Statement, or a Registration Statement under Rule 462(b) under the Act, to be filed with the Commission and become effective before the Shares may be sold, the Company will use its reasonable best efforts to cause such post-effective amendment or such Registration Statement to be filed and become effective, and will pay any applicable fees in accordance with the Act, as soon as possible; and the Company will advise you promptly and, if requested by you, will confirm such advice in writing, (i) when such post-effective amendment or such Registration Statement has become effective, and (ii) if Rule 430A under the Act is used, when the Prospectus is filed with the Commission pursuant to Rule 424(b) under the Act (which the Company agrees to file in a timely manner in accordance with such Rules);

(d) for so long as a prospectus is required by the Act to be delivered (whether physically or through compliance with Rule 172 under the Act or any similar rule) to notify you immediately upon an event that causes the Company to no longer qualify as an EGC;

(e) to advise you promptly, confirming such advice in writing, of any request by the Commission for amendments or supplements to the Registration Statement, the Exchange Act Registration Statement, any Preliminary Prospectus, the Prospectus or any Permitted Free Writing Prospectus or for additional information with respect thereto, or of notice of institution of proceedings for, or the entry of a stop order, suspending the effectiveness of the Registration Statement and, if the Commission should enter a stop order suspending the effectiveness of the Registration Statement, to use its best efforts to obtain the lifting or removal of such order as soon as possible; to advise you promptly of any proposal to amend or supplement the Registration Statement, the Exchange Act Registration Statement, any Preliminary Prospectus or the Prospectus, and to provide you and Underwriters' counsel copies of any such documents for review and comment a reasonable amount of time prior to any proposed filing and to file no such amendment or supplement to which you shall have objected in writing;

(f) subject to Section 5(h) hereof, to file promptly all reports and documents and any preliminary or definitive proxy or information statement required to be filed by the Company with the Commission in order to comply with the Exchange Act for so long as a prospectus is required by the Act to be delivered (whether physically or through compliance with Rule 172 under the Act or any similar rule) in connection with any sale of Shares; and to provide you, for your review and comment, with a copy of such reports and statements and other documents to be filed by the Company pursuant to Section 13, 14 or 15(d) of the Exchange Act during such period a reasonable amount of time prior to any proposed filing, and to file no such report, statement or document to which you shall have objected in writing; and to promptly notify you of such filing;

(g) to advise the Underwriters promptly of the happening of any event within the period during which a prospectus is required by the Act to be delivered (whether

physically or through compliance with Rule 172 under the Act or any similar rule) in connection with any sale of Shares, which event could require the making of any change in the Prospectus then being used so that the Prospectus would not include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they are made, not misleading, and to advise the Underwriters promptly if, during such period, it shall become necessary to amend or supplement the Prospectus to cause the Prospectus to comply with the requirements of the Act, and, in each case, during such time, subject to Section 4(g) hereof, to prepare and furnish, at the Company's expense, to the Underwriters promptly such amendments or supplements to such Prospectus as may be necessary to reflect any such change or to effect such compliance;

(h) to make generally available (within the meaning of Rule 158 under the Act) to its security holders, and, if not available on the Commission's Electronic Data Gathering, Analysis and Retrieval System ("EDGAR"), to deliver to you, an earnings statement of the Company (which will satisfy the provisions of Section 11(a) of the Act) covering a period of twelve months beginning after the effective date of the Registration Statement (as defined in Rule 158(c) under the Act) as soon as is reasonably practicable after the termination of such twelve-month period but in any case not later than the date determined in accordance with the provisions of the last paragraph of Section 11(a) of the Act and Rule 158(c) thereunder;

(i) except as available on EDGAR, to furnish to you copies of the Registration Statement (one copy for each Managing Underwriter and one copy for underwriters' counsel), as initially filed with the Commission, and of all amendments thereto (including all exhibits thereto) and sufficient copies of the foregoing (other than exhibits) for distribution of a copy to each of the other Underwriters;

(j) if requested by you, to furnish to you as early as practicable prior to the time of purchase and any additional time of purchase, as the case may be, but not later than two business days prior thereto, a copy of the latest available unaudited interim and monthly consolidated financial statements, if any, of the Company and its subsidiaries which have been read by the Company's independent registered public accountants, as stated in their letter to be furnished pursuant to Section 8(d) hereof, provided, however, that the Company shall not be required to furnish any materials pursuant to this clause if such materials are available via EDGAR;

(k) to apply the net proceeds to the Company from the sale of the Shares in the manner set forth under the caption "Use of Proceeds" in the Prospectus and to file such reports with the Commission with respect to the sale of the Shares and the application of the proceeds therefrom as may be required by Rule 463 under the Act;

(l) to comply with Rule 433(d) under the Act (without reliance on Rule 164(b) under the Act) and with Rule 433(g) under the Act;

(m) beginning on the date hereof and ending on, and including, the date that is 180 days after the date of the Prospectus (the "Lock-Up Period"), without the prior

written consent of the Representatives, not to (i) issue, sell, offer to sell, contract or agree to sell, hypothecate, pledge, grant any option to purchase or otherwise dispose of or agree to dispose of, directly or indirectly, or establish or increase a put equivalent position or liquidate or decrease a call equivalent position within the meaning of Section 16 of the Exchange Act and the rules and regulations of the Commission promulgated thereunder, with respect to, any Common Stock or any other securities of the Company that are substantially similar to Common Stock, or any securities convertible into or exchangeable or exercisable for, or any warrants or other rights to purchase, the foregoing, (ii) file or cause to become effective a registration statement under the Act relating to the offer and sale of any Common Stock or any other securities of the Company that are substantially similar to Common Stock, or any securities convertible into or exchangeable or exercisable for, or any warrants or other rights to purchase, the foregoing, (iii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of Common Stock or any other securities of the Company that are substantially similar to Common Stock, or any securities convertible into or exchangeable or exercisable for, or any warrants or other rights to purchase, the foregoing, whether any such transaction is to be settled by delivery of Common Stock or such other securities, in cash or otherwise or (iv) publicly announce an intention to effect any transaction specified in clause (i), (ii) or (iii), except, in each case, for (A) the issuance and registration of the offer and sale of the Shares as contemplated by this Agreement, (B) issuances of Common Stock upon the exercise of options or warrants disclosed as outstanding in the Registration Statement (excluding the exhibits thereto), the Disclosure Package and the Prospectus, (C) the issuance of employee stock options not exercisable during the Lock-Up Period pursuant to stock option plans described in the Registration Statement (excluding the exhibits thereto), the Disclosure Package and the Prospectus; (D) the filing by the Company of any registration statement on Form S-8 with the Commission relating to the offering of securities pursuant to the terms of such stock option or similar plans and (E) the issuance by the Company of Common Stock or any securities convertible into or exchangeable or exercisable for Common Stock in connection with an acquisition or business combination (including the filing of a registration statement on Form S-4 or other appropriate form with respect thereto), provided that the aggregate number of shares of Common Stock issued pursuant to this clause (E) during the 180-day restricted period shall not exceed 10% of the total number of shares of Common Stock issued and outstanding on the Closing Date and provided further that, in the case of any issuance pursuant to this clause (E), any recipient of shares of Common Stock shall have executed and delivered to the Representatives a lock-up agreement in the form of Exhibit A hereto;

(n) prior to the time of purchase or any additional time of purchase, as the case may be, to provide you with reasonable advance notice of and the opportunity to comment on any press release or other communication directly or indirectly made by the Company and hold no press conferences with respect to the Company or any subsidiary, the financial condition, results of operations, business, properties, assets, or liabilities of the Company or any subsidiary, or the offering of the Shares, and to issue no such press release or communications or hold such press conference without your prior consent, which consent shall not be unreasonably withheld, conditioned or delayed;

(o) not, at any time at or after the execution of this Agreement, to, directly or indirectly, offer or sell any Shares by means of any “prospectus” (within the meaning of the Act), or use any “prospectus” (within the meaning of the Act) in connection with the offer or sale of the Shares, in each case other than the Prospectus;

(p) not to, and to cause its subsidiaries not to, take, directly or indirectly, any action designed, or which will constitute, or has constituted, or might reasonably be expected to cause or result in the stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of the Shares;

(q) to use its best efforts to cause the Shares to be listed on the NYSE and to maintain such listing on the NYSE;

(r) for so long as the Company is subject to the reporting requirements of Section 13(g) or 15(d) of the Exchange Act, to maintain a transfer agent and, if necessary under the jurisdiction of incorporation of the Company, a registrar for the Common Stock; and

(s) to announce the Underwriters’ intention to release any director or “officer” (within the meaning of Rule 16a-1(f) under the Exchange Act) of the Company from any of the restrictions imposed by any Lock-Up Agreement, by issuing, through a major news service, a press release, the form of which is attached as Exhibit A-1 hereto, that is satisfactory to the Representatives promptly following the Company’s receipt of any notification from the Representatives in which the Underwriters indicate such intention, but in any case not later than the close of the second business day prior to the date on which such release or waiver is to become effective; provided, however, that nothing shall prevent the Representatives, on behalf of the Underwriters, from announcing the same through a major news service, irrespective of whether the Company has made the required announcement; and further provided that no such announcement shall be made of any release or waiver granted solely to permit a transfer of securities that is not for consideration and where the transferee has agreed in writing to be bound by the terms of a Lock-Up Agreement in the form set forth as Exhibit A hereto.

6. Certain Covenants of the Selling Stockholder. The Selling Stockholder hereby agrees:

(a) not, at any time during the period that a prospectus is required by the Act to be delivered (whether physically or through compliance with Rule 172 under the Act or any similar rule), to offer or sell any Shares by means of any “prospectus” (within the meaning of the Act), or use any “prospectus” (within the meaning of the Act) in connection with the offer or sale of the Shares, in each case other than the Prospectus;

(b) not to take, directly or indirectly, any action designed, or which will constitute, or has constituted, or might reasonably be expected to cause or result in the stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of the Shares;

(c) to pay or cause to be paid all stock transfer or similar taxes (other than income taxes), if any, that are required to be paid in connection with the sale and on the transfer and sale of the Shares to be sold by the Selling Stockholder to the several Underwriters hereunder;

(d) to advise you promptly, and if requested by you, confirm such advice in writing, so long as a prospectus is required by the Act to be delivered (whether physically or through compliance with Rule 172 under the Act or any similar rule) in connection with any sale of Shares, of any change in Selling Stockholder Information in the Registration Statement, the Disclosure Package and the Prospectus, relating to the Selling Stockholder that would make the Selling Stockholder Information an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; and

(e) prior to or concurrently with the execution and delivery of this Agreement, to execute and deliver to the Underwriters a Lock-Up Agreement.

7. Covenant to Pay Costs. The Company and the Selling Stockholder jointly and severally agree to pay all costs, expenses, fees and taxes in connection with (i) the preparation and filing of the Registration Statement, each Preliminary Prospectus, the Prospectus, each Permitted Free Writing Prospectus and any amendments or supplements thereto, and the printing and furnishing of copies of each thereof to the Underwriters and to dealers (including costs of mailing and shipment), (ii) the registration, issue, sale and delivery of the Shares including any stock or transfer taxes and stamp or similar duties payable upon the sale, issuance or delivery of the Shares to the Underwriters, (iii) the producing, word processing and/or printing of this Agreement, any dealer agreements and any closing documents (including compilations thereof) and the reproduction and/or printing and furnishing of copies of each thereof to the Underwriters and (except closing documents) to dealers (including costs of mailing and shipment), (iv) the qualification of the Shares for offering and sale under state or foreign laws and the determination of their eligibility for investment under state or foreign law (including the legal fees and filing fees and other disbursements of counsel for the Underwriters) and the printing and furnishing of copies of any blue sky surveys or legal investment surveys to the Underwriters and to dealers (subject to a cap of \$10,000), (v) any listing of the Shares on any securities exchange or qualification of the Shares for quotation on the NYSE and any registration thereof under the Exchange Act, (vi) any filing for review of the public offering of the Shares by FINRA, including the legal fees and filing fees and other disbursements of counsel to the Underwriters relating to FINRA matters (subject to a cap of \$20,000), (vii) the fees and disbursements of any transfer agent or registrar for the Shares, (viii) the costs and expenses of the Company and the Selling Stockholder relating to presentations or meetings undertaken in connection with the marketing of the offering and sale of the Shares to prospective investors and the Underwriters' sales forces, including, without limitation, expenses associated with the production of road show slides and graphics, fees and expenses of any consultants engaged in connection with the road show presentations, travel, lodging and other expenses incurred by the officers of the Company or by the Selling Stockholder and any such consultants, and 50% of the cost of any aircraft chartered in connection with the road show, the costs of all Exempt Oral Communications and Covered Exempt Written Communications, (ix) the costs and expenses of qualifying the Shares

for inclusion in the book-entry settlement system of the DTC, (x) the preparation and filing of the Exchange Act Registration Statement, including any amendments thereto and (xi) the performance of the Company's and the Selling Stockholder's other obligations hereunder. The Company hereby agrees with the Underwriters that it will pay any such amounts not so paid by the Selling Stockholder.

8. Reimbursement of the Underwriters' Expenses. If, after the execution and delivery of this Agreement, the Shares are not delivered for any reason other than the termination of this Agreement pursuant to the fifth paragraph of Section 11 hereof or the default by one or more of the Underwriters in its or their respective obligations hereunder, the Company and the Selling Stockholder, jointly and severally, shall, in addition to paying the amounts described in Section 7 hereof, reimburse the Underwriters for all of their out-of-pocket expenses, including the reasonable fees and disbursements of their counsel.

9. Conditions of the Underwriters' Obligations. The several obligations of the Underwriters hereunder are subject to the accuracy of the respective representations and warranties on the part of the Company and the Selling Stockholder on the date hereof, at the time of purchase and, if applicable, at the additional time of purchase, the performance by the Company and the Selling Stockholder of each of their respective obligations hereunder and to the following additional conditions precedent:

(a) The Company shall furnish to you at the time of purchase and, if applicable, at the additional time of purchase, an opinion of Proskauer Rose LLP, counsel for the Company, addressed to the Underwriters, and dated the time of purchase or the additional time of purchase, as the case may be, with executed copies for each Underwriter, and in form and substance reasonably satisfactory to the Representatives, in the form set forth in Exhibit B hereto.

(b) The Company shall furnish to you at the time of purchase and, if applicable, at the additional time of purchase, an opinion of Calfee, Halter & Griswold LLP, special counsel for the Company, addressed to the Underwriters, and dated the time of purchase or the additional time of purchase, as the case may be, with executed copies for each Underwriter, and in form and substance reasonably satisfactory to the Representatives, in the form set forth in Exhibit C hereto.

(c) The Selling Stockholder shall furnish to you at the time of purchase and, if applicable, at the additional time of purchase, an opinion of Proskauer Rose LLP, counsel for the Selling Stockholder, addressed to the Underwriters, and dated the time of purchase or the additional time of purchase, as the case may be, with executed copies for each Underwriter, and in form and substance reasonably satisfactory to the Representatives, in the form set forth in Exhibit D hereto.

(d) You shall have received from each of Deloitte & Touche LLP and Crowe Horwath LLP letters dated, respectively, the date of this Agreement, the date of the Prospectus, the time of purchase and, if applicable, the additional time of purchase, and addressed to the Underwriters (with executed copies for each Underwriter) in the forms reasonably satisfactory to the Representatives, which letters shall cover, without limitation, the various financial disclosures contained in the Registration Statement, the Disclosure Package and the Prospectus.

(e) You shall have received at the time of purchase and, if applicable, at the additional time of purchase, the favorable opinion of Skadden, Arps, Slate, Meagher & Flom LLP, counsel for the Underwriters, dated the time of purchase or the additional time of purchase, as the case may be, in form and substance reasonably satisfactory to the Representatives.

(f) No Prospectus or amendment or supplement to the Registration Statement or the Prospectus shall have been filed to which you shall have objected in writing.

(g) The Registration Statement, the Exchange Act Registration Statement and any registration statement required to be filed, prior to the sale of the Shares, under the Act pursuant to Rule 462(b) shall have been filed and shall have become effective under the Act or the Exchange Act, as the case may be. If Rule 430A under the Act is used, the Prospectus shall have been filed with the Commission pursuant to Rule 424(b) under the Act at or before 5:30 P.M., New York City time, on the second full business day after the date of this Agreement (or such earlier time as may be required under the Act).

(h) Prior to and at the time of purchase, and, if applicable, the additional time of purchase, (i) no stop order with respect to the effectiveness of the Registration Statement shall have been issued under the Act or proceedings initiated under Section 8(d) or 8(e) of the Act; (ii) the Registration Statement and all amendments thereto shall not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading; (iii) neither the Preliminary Prospectus nor the Prospectus, and no amendment or supplement thereto, shall include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they are made, not misleading; (iv) no Disclosure Package, and no amendment or supplement thereto, shall include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they are made, not misleading; and (v) none of the Permitted Free Writing Prospectuses, if any, and none of the Permitted Exempt Written Communications, if any, shall include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they are made, not misleading.

(i) The Company will, at the time of purchase and, if applicable, at the additional time of purchase, deliver to you a certificate of its Chief Executive Officer and its Chief Financial Officer, dated the time of purchase or the additional time of purchase, as the case may be, in the form attached as Exhibit E hereto.

(j) The Selling Stockholder will, at the time of purchase and, if applicable, at the additional time of purchase, deliver to you a certificate signed by an officer of the Selling Stockholder, dated the time of purchase or the additional time of purchase, as the case may be, in the form attached as Exhibit F hereto.

(k) The Company will, at the time of purchase and, if applicable, at the additional time of purchase, deliver to you a certificate of its Chief Financial Officer, dated the time of purchase or the additional time of purchase, as the case may be, in the form attached as Exhibit G hereto.

(l) You shall have received each of the signed Lock-Up Agreements referred to in Section 3(z) hereof, and each such Lock-Up Agreement shall be in full force and effect at the time of purchase and the additional time of purchase, as the case may be.

(m) The Company and the Selling Stockholder shall have furnished to you such other documents and certificates as to the accuracy and completeness of any statement in the Registration Statement, any Preliminary Prospectus, the Prospectus or any Permitted Free Writing Prospectus as of the time of purchase and, if applicable, the additional time of purchase, as you may reasonably request.

(n) The Shares shall have been approved for listing on the NYSE, subject only to notice of issuance and evidence of satisfactory distribution at or prior to the time of purchase or the additional time of purchase, as the case may be.

(o) FINRA shall not have raised any objection with respect to the fairness or reasonableness of the underwriting, or other arrangements of the transactions, contemplated hereby.

10. Effective Date of Agreement; Termination. This Agreement shall become effective when the parties hereto have executed and delivered this Agreement.

The obligations of the several Underwriters hereunder shall be subject to termination in the absolute discretion of the Representatives, if (1) since the time of execution of this Agreement or the earlier respective dates as of which information is given in the Registration Statement, the Disclosure Package and the Prospectus there has been any change or any development involving a prospective change in the business, properties, management, financial condition or results of operations of the Company and its subsidiaries taken as a whole, the effect of which change or development is, in the sole judgment of the Representatives, so material and adverse as to make it impracticable or inadvisable to proceed with the public offering or the delivery of the Shares on the terms and in the manner contemplated in the Registration Statement, the Disclosure Package and the Prospectus or (2) since the time of execution of this Agreement, there shall have occurred: (A) a suspension or material limitation in trading in securities generally on the NYSE, the American Stock Exchange or the NASDAQ; (B) a suspension or material limitation in trading in the Company's securities on the NYSE; (C) a general moratorium on commercial banking activities declared by either federal or New York State authorities or a material disruption in commercial banking or securities settlement or clearance services in the United States; (D) an outbreak or escalation of hostilities or acts of terrorism involving the United States or a declaration by the United States of a national emergency or war; or (E) any other calamity or crisis or any change in financial, political or economic conditions in the United States or elsewhere, if the effect of any such event specified in clause (D) or (E), in the sole judgment of the Representatives, makes it impracticable or inadvisable to proceed with the public offering or the delivery of the Shares on the terms and in the manner contemplated in

the Registration Statement, the Disclosure Package and the Prospectus, or (3) since the time of execution of this Agreement, there shall have occurred any downgrading, or any notice or announcement shall have been given or made of: (A) any intended or potential downgrading or (B) any watch, review or possible change that does not indicate an affirmation or improvement in the rating accorded any securities of or guaranteed by the Company or any subsidiary by any “nationally recognized statistical rating organization,” as that term is defined in Rule 436(g)(2) under the Act.

If the Representatives elect to terminate this Agreement as provided in this Section 10, the Company, the Selling Stockholder and each other Underwriter shall be notified promptly in writing.

If the sale to the Underwriters of the Shares, as contemplated by this Agreement, is not carried out by the Underwriters for any reason permitted under this Agreement, or if such sale is not carried out because the Company or the Selling Stockholder, as the case may be, shall be unable to comply with any of the terms of this Agreement, the Company and the Selling Stockholder shall not be under any obligation or liability under this Agreement (except to the extent provided in Section 7, 8 and 12 hereof), and the Underwriters shall be under no obligation or liability to the Company or the Selling Stockholder under this Agreement (except to the extent provided in Section 12 hereof) or to one another hereunder.

11. Increase in Underwriters' Commitments. Subject to Sections 9 and 10 hereof, if any Underwriter shall default in its obligation to take up and pay for the Firm Shares to be purchased by it hereunder (otherwise than for a failure of a condition set forth in Section 9 hereof or a reason sufficient to justify the termination of this Agreement under the provisions of Section 10 hereof) and if the number of Firm Shares which all Underwriters so defaulting shall have agreed but failed to take up and pay for does not exceed 10% of the total number of Firm Shares, the non-defaulting Underwriters (including the Underwriters, if any, substituted in the manner set forth below) shall take up and pay for (in addition to the aggregate number of Firm Shares they are obligated to purchase pursuant to Section 1 hereof) the number of Firm Shares agreed to be purchased by all such defaulting Underwriters, as hereinafter provided. Such Shares shall be taken up and paid for by such non-defaulting Underwriters in such amount or amounts as you may designate with the consent of each Underwriter so designated or, in the event no such designation is made, such Shares shall be taken up and paid for by all non-defaulting Underwriters pro rata in proportion to the aggregate number of Firm Shares set forth opposite the names of such non-defaulting Underwriters in Schedule A.

Without relieving any defaulting Underwriter from its obligations hereunder, the Company and the Selling Stockholder each agrees with the non-defaulting Underwriters that they will not sell any Firm Shares hereunder unless all of the Firm Shares are purchased by the Underwriters (or by substituted Underwriters selected by you with the approval of the Company or selected by the Company with your approval).

If a new Underwriter or Underwriters are substituted by the Underwriters or by the Company for a defaulting Underwriter or Underwriters in accordance with the foregoing provision, the Company or you shall have the right to postpone the time of purchase for a period not exceeding five business days in order that any necessary changes in the Registration Statement and the Prospectus and other documents may be effected.

The term “Underwriter” as used in this Agreement shall refer to and include any Underwriter substituted under this Section 11 with like effect as if such substituted Underwriter had originally been named in Schedule A hereto.

If the aggregate number of Firm Shares which the defaulting Underwriter or Underwriters agreed to purchase exceeds 10% of the total number of Firm Shares which all Underwriters agreed to purchase hereunder, and if neither the non-defaulting Underwriters nor the Company shall make arrangements within the five business day period stated above for the purchase of all the Firm Shares which the defaulting Underwriter or Underwriters agreed to purchase hereunder, this Agreement shall terminate without further act or deed and without any liability on the part of the Company or the Selling Stockholder to any Underwriter and without any liability on the part of any non-defaulting Underwriter to the Company or to the Selling Stockholder. Nothing in this paragraph, and no action taken hereunder, shall relieve any defaulting Underwriter from liability in respect of any default of such Underwriter under this Agreement.

12. Indemnity and Contribution.

(a) The Company agrees to indemnify, defend and hold harmless each Underwriter, its partners, directors, officers and members, any person who controls any Underwriter within the meaning of Section 15 of the Act or Section 20 of the Exchange Act, and any “affiliate” (within the meaning of Rule 405 under the Act) of such Underwriter that sells Shares on behalf of such Underwriter, and the successors and assigns of all of the foregoing persons, from and against any loss, damage, expense, liability or claim (including the reasonable cost of investigation) which, jointly or severally, any such Underwriter or any such person may incur under the Act, the Exchange Act, the common law or otherwise, insofar as such loss, damage, expense, liability or claim arises out of or is based upon (i) any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement (or in the Registration Statement as amended by any post-effective amendment thereof by the Company) or arises out of or is based upon any omission or alleged omission to state a material fact required to be stated therein or necessary to make the statements therein not misleading, except insofar as any such loss, damage, expense, liability or claim arises out of or is based upon any untrue statement or alleged untrue statement of a material fact contained in, and in conformity with the Underwriter Information furnished in writing by or on behalf of such Underwriter through you to the Company expressly for use in, the Registration Statement or arises out of or is based upon any omission or alleged omission to state a material fact in the Registration Statement in connection with such Underwriter Information, which material fact was not contained in such Underwriter Information and which material fact was required to be stated in such Registration Statement or was necessary to make such Underwriter Information not misleading or (ii) any untrue statement or alleged untrue statement of a material fact included in any Prospectus (the term Prospectus for the purpose of this Section 12 being deemed to include any Preliminary Prospectus, the Prospectus and any amendments or supplements to the foregoing), in any Covered Free Writing Prospectus, in any Covered Exempt Written

Communication, in any “issuer information” (as defined in Rule 433 under the Act) of the Company, which “issuer information” is required to be, or is, filed with the Commission, or in any Prospectus together with any combination of one or more of the Covered Free Writing Prospectuses, if any, and one or more Covered Exempt Written Communications, if any, or arises out of or is based upon any omission or alleged omission to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, except, with respect to such Prospectus or any Permitted Free Writing Prospectus or any Permitted Exempt Written Communication, insofar as any such loss, damage, expense, liability or claim arises out of or is based upon any untrue statement or alleged untrue statement of a material fact contained in, and in conformity with information concerning such Underwriter furnished in writing by or on behalf of such Underwriter through you to the Company expressly for use in, such Prospectus or Permitted Free Writing Prospectus or Permitted Exempt Written Communication or arises out of or is based upon any omission or alleged omission to state a material fact in such Prospectus or Permitted Free Writing Prospectus or Permitted Exempt Written Communication in connection with such information, which material fact was not contained in such information and which material fact was necessary in order to make the statements in such information, in the light of the circumstances under which they were made, not misleading.

(b) The Selling Stockholder agrees to indemnify, defend and hold harmless the Company, its directors and its officers, each Underwriter, its partners, directors, officers and members, and any person who controls the Company or any Underwriter within the meaning of Section 15 of the Act or Section 20 of the Exchange Act, and the successors and assigns of all of the foregoing persons, from and against any loss, damage, expense, liability or claim (including the reasonable cost of investigation) which, jointly or severally, any such Underwriter or any such person may incur under the Act, the Exchange Act, the common law or otherwise, insofar as such loss, damage, expense, liability or claim arises out of or is based upon (i) any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement (or in the Registration Statement as amended by any post-effective amendment thereof by the Company), as such Registration Statement relates to the Selling Stockholder, or arises out of or is based upon any omission or alleged omission to state a material fact required to be stated therein or necessary to make the statements therein not misleading or (ii) any untrue statement or alleged untrue statement of a material fact included in any Prospectus, in any Permitted Free Writing Prospectus or in any Permitted Exempt Written Communication or in any Prospectus together with any combination of one or more of the Permitted Free Writing Prospectuses, if any, and one or more of the Permitted Exempt Written Communications, if any, in each case as such document(s) relate to the Selling Stockholder, or arises out of or is based upon any omission or alleged omission to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, and will reimburse each “indemnified party” for any legal or other fees or expenses reasonably incurred by such indemnified party in connection with investigating or defending against any loss, damage, expense, liability, claim, action, litigation, investigation or proceeding whatsoever (whether or not such indemnified party is a party thereto), whether threatened or commenced, and in connection with the enforcement of this provision with respect to the

above as such fees and expenses are incurred; provided, however, that the Selling Stockholder shall only be responsible, either pursuant to this Section 12(b) for losses, damages, expenses, liabilities or claims arising out of or based upon such untrue statement or omission or allegation thereof based upon the Selling Stockholder Information and, in any event, the Selling Stockholder shall not be responsible, pursuant to this Section 12(b), for losses, damages, expenses, liabilities or claims for an amount in excess of its respective net proceeds (after deducting underwriting commissions and discounts but before deducting offering expenses) from the Shares sold by the Selling Stockholder to the Underwriters pursuant hereto.

(c) Each Underwriter severally agrees to indemnify, defend and hold harmless the Company, its directors and officers, the Selling Stockholder and any person who controls the Company or the Selling Stockholder within the meaning of Section 15 of the Act or Section 20 of the Exchange Act, and the successors and assigns of all of the foregoing persons, from and against any loss, damage, expense, liability or claim (including the reasonable cost of investigation) which, jointly or severally, the Company, the Selling Stockholder or any such person may incur under the Act, the Exchange Act, the common law or otherwise, insofar as such loss, damage, expense, liability or claim arises out of or is based upon (i) any untrue statement or alleged untrue statement of a material fact contained in, and in conformity with information concerning such Underwriter furnished in writing by or on behalf of such Underwriter through you to the Company expressly for use in, the Registration Statement (or in the Registration Statement as amended by any post-effective amendment thereof by the Company), or arises out of or is based upon any omission or alleged omission to state a material fact in such Registration Statement in connection with such information, which material fact was not contained in such information and which material fact was required to be stated in such Registration Statement or was necessary to make such information not misleading or (ii) any untrue statement or alleged untrue statement of a material fact contained in, and in conformity with information concerning such Underwriter furnished in writing by or on behalf of such Underwriter through you to the Company expressly for use in, a Prospectus or a Permitted Free Writing Prospectus, or a Permitted Exempt Written Communication, or arises out of or is based upon any omission or alleged omission to state a material fact in such Prospectus or Permitted Free Writing Prospectus or Permitted Exempt Written Communication in connection with such information, which material fact was not contained in such information and which material fact was necessary in order to make the statements in such information, in the light of the circumstances under which they were made, not misleading.

(d) If any action, suit or proceeding (each, a “Proceeding”) is brought against a person (an “indemnified party”) in respect of which indemnity may be sought against the Company, a Selling Stockholder or an Underwriter (as applicable, the “indemnifying party”) pursuant to subsection (a), (b) or (c), respectively, of this Section 12, such indemnified party shall promptly notify such indemnifying party in writing of the institution of such Proceeding and such indemnifying party shall be entitled to assume the defense of such Proceeding, including the retention of counsel reasonably satisfactory to such indemnified party, and pay all legal or other fees and expenses related to such Proceeding or incurred in connection with such indemnified party’s enforcement of

subsection (a) or (b), respectively, of this Section 12; provided, however, that the omission to so notify such indemnifying party shall not relieve such indemnifying party from any liability that such indemnifying party may have to any indemnified party or otherwise. The indemnified party or parties shall have the right to retain its or their own counsel in any such case, but the fees and expenses of such counsel shall be at the expense of such indemnified party or parties unless (i) the retention of such counsel shall have been authorized in writing by the indemnifying party in connection with the defense of such Proceeding, (ii) the indemnifying party shall not have, within a reasonable period of time in light of the circumstances, retained counsel to defend such Proceeding; (iii) the indemnifying party has notified the indemnified party that it has elected not to assume the defense of such Proceeding; or (iv) such indemnified party or parties shall have reasonably concluded that there may be defenses available to it or them that are different from, additional to or in conflict with those available to such indemnifying party (in which case such indemnifying party shall not have the right to direct the defense of such Proceeding on behalf of the indemnified party or parties), in any of which events such fees and expenses shall be borne by such indemnifying party and paid as incurred (it being understood, however, that except as provided in the second paragraph of Section 12(a), such indemnifying party shall not be liable for the fees or expenses of more than one separate counsel (in addition to any local counsel) in any one Proceeding or series of related Proceedings in the same jurisdiction representing the indemnified parties who are parties to such Proceeding). The indemnifying party shall not be liable for any settlement of any Proceeding effected without its written consent but, if settled with its written consent, such indemnifying party agrees to indemnify and hold harmless the indemnified party or parties from and against any loss or liability by reason of such settlement. Notwithstanding the foregoing sentence, if at any time an indemnified party shall have requested an indemnifying party to reimburse the indemnified party for fees and expenses of counsel as contemplated by the second sentence of this Section 12(d), then the indemnifying party agrees that it shall be liable for any settlement of any Proceeding effected without its written consent if (i) such settlement is entered into more than 60 business days after receipt by such indemnifying party of the aforesaid request, (ii) such indemnifying party shall not have fully reimbursed the indemnified party in accordance with such request prior to the date of such settlement and (iii) such indemnified party shall have given the indemnifying party at least 30 days' prior notice of its intention to settle. No indemnifying party shall, without the prior written consent of the indemnified party, effect any settlement of any pending or threatened Proceeding in respect of which any indemnified party is or could have been a party and indemnity could have been sought hereunder by such indemnified party, unless such settlement includes an unconditional release of such indemnified party from all liability on claims that are the subject matter of such Proceeding and does not include an admission of fault or culpability or a failure to act by or on behalf of such indemnified party.

(e) If the indemnification provided for in this Section 12 is unavailable to an indemnified party under subsections (a), (b) and (c) of this Section 12 or insufficient to hold an indemnified party harmless in respect of any losses, damages, expenses, liabilities or claims referred to therein, then each applicable indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of such losses, damages, expenses, liabilities or claims (i) in such proportion as is appropriate to

reflect the relative benefits received by the Company and the Selling Stockholder on the one hand and the Underwriters on the other hand from the offering of the Shares or (ii) if the allocation provided by clause (i) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Company and the Selling Stockholder on the one hand and of the Underwriters on the other in connection with the statements or omissions which resulted in such losses, damages, expenses, liabilities or claims, as well as any other relevant equitable considerations. The relative benefits received by the Company and the Selling Stockholder on the one hand and the Underwriters on the other shall be deemed to be in the same respective proportions as the total proceeds from the offering (net of underwriting discounts and commissions but before deducting expenses) received by the Company and the Selling Stockholder, and the total underwriting discounts and commissions received by the Underwriters, bear to the aggregate public offering price of the Shares. The relative fault of the Company and the Selling Stockholder on the one hand and of the Underwriters on the other shall be determined by reference to, among other things, whether the untrue statement or alleged untrue statement of a material fact or omission or alleged omission relates to information supplied by the Company or the Selling Stockholder or by the Underwriters and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The amount paid or payable by a party as a result of the losses, damages, expenses, liabilities and claims referred to in this subsection shall be deemed to include any legal or other fees or expenses reasonably incurred by such party in connection with investigating, preparing to defend or defending any Proceeding.

(f) The Company, the Selling Stockholder and the Underwriters agree that it would not be just and equitable if contribution pursuant to this Section 12 were determined by pro rata allocation (even if the Underwriters were treated as one entity for such purpose) or by any other method of allocation that does not take account of the equitable considerations referred to in subsection (e) above. Notwithstanding the provisions of this Section 12, no Underwriter shall be required to contribute any amount in excess of the amount by which the total price at which the Shares underwritten by such Underwriter and distributed to the public were offered to the public exceeds the amount of any damage which such Underwriter has otherwise been required to pay by reason of such untrue statement or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The Underwriters' obligations to contribute pursuant to this Section 12 are several in proportion to their respective underwriting commitments and not joint. The Selling Stockholder shall not be required to contribute any amount pursuant to this Section 12 in excess of the net proceeds (after deducting underwriting commissions and discounts but before deducting offering expenses) received by the Selling Stockholder.

(g) The indemnity and contribution agreements contained in this Section 12 and the covenants, warranties and representations of the Company and the Selling Stockholder contained in this Agreement shall remain in full force and effect regardless of any investigation made by or on behalf of any Underwriter, its partners, directors,

officers or members or any person (including each partner, officer, director or member of such person) who controls any Underwriter within the meaning of Section 15 of the Act or Section 20 of the Exchange Act, or by or on behalf of the Company or the Selling Stockholder, their respective directors or officers or any person who controls the Company or the Selling Stockholder within the meaning of Section 15 of the Act or Section 20 of the Exchange Act, and shall survive any termination of this Agreement or the issuance and delivery of the Shares to be sold by the Company pursuant hereto and the delivery of the Shares to be sold by the Selling Stockholder pursuant hereto. The Company, the Selling Stockholder and each Underwriter agree promptly to notify each other of the commencement of any Proceeding against it and, in the case of the Company or the Selling Stockholder, against any of their officers or directors in connection with the issuance and sale of the Shares, or in connection with the Registration Statement, any Preliminary Prospectus, the Prospectus or any Permitted Free Writing Prospectus.

13. Information Furnished by the Underwriters. The statements set forth in (i) the last paragraph of the cover page and (ii) the seventh, thirteenth and fifteenth paragraphs and the first sentence of the seventeenth paragraph and the third sentence of the eighteenth paragraph under the caption "Underwriting" in the Prospectus, only insofar as such statements relate to the amount of selling concession and reallowance or to the option to purchase Additional Shares and stabilization activities that may be undertaken by the Underwriters, constitute the only information furnished by or on behalf of the Underwriters (the "Underwriter Information"), as such information is referred to in Sections 3 and 12 hereof.

14. Notices. Except as otherwise herein provided, all statements, requests, notices and agreements shall be in writing or by telegram or facsimile and, if to the Underwriters, shall be sufficient in all respects if delivered or sent to Deutsche Bank Securities Inc., 60 Wall Street, 36th Floor, New York, NY 10005 (facsimile: (212) 797-4564), Attention: General Counsel, and UBS Securities LLC, 1285 Avenue of the Americas, New York, New York 10019 (facsimile: (212) 713-3371), Attention: Syndicate, with a copy to Skadden, Arps, Slate, Meagher & Flom, Four Times Square, New York, New York 10036, Attention: Michael J. Zeidel; and if to the Company, shall be sufficient in all respects if delivered or sent to the Company at the offices of the Company at 495 S. High Street, Columbus, Ohio 43215 (facsimile: (614) 961-3542), Attention: General Counsel, with a copy to Proskauer Rose LLP, Eleven Times Square, New York, New York 10036, Attention: Julie M. Allen, and, if to the Selling Stockholder, shall be sufficient in all respects if delivered or sent to IBP Investment Holdings, LLC, 495 S. High Street, Columbus, Ohio 43215 (facsimile: (614) 961-3542), Attention: President.

15. Governing Law; Construction. This Agreement and any claim, counterclaim or dispute of any kind or nature whatsoever arising out of or in any way relating to this Agreement ("Claim"), directly or indirectly, shall be governed by, and construed in accordance with, the laws of the State of New York without regard to the conflicts of law principles thereof. The section headings in this Agreement have been inserted as a matter of convenience of reference and are not a part of this Agreement.

16. Submission to Jurisdiction. Except as set forth below, no Claim may be commenced, prosecuted or continued in any court other than the courts of the State of New York located in the City and County of New York or in the United States District Court for the

Southern District of New York, which courts shall have jurisdiction over the adjudication of such matters, and the Company and the Selling Stockholder each consents to the jurisdiction of such courts and personal service with respect thereto. The Company and the Selling Stockholder each hereby consents to personal jurisdiction, service and venue in any court in which any Claim arising out of or in any way relating to this Agreement is brought by any third party against any Underwriter or any indemnified party. Each Underwriter and the Company (on its behalf and, to the extent permitted by applicable law, on behalf of its stockholders and affiliates) and the Selling Stockholder (on its behalf and, to the extent permitted by applicable law, on behalf of its stockholders and affiliates) each waive all right to trial by jury in any action, proceeding or counterclaim (whether based upon contract, tort or otherwise) in any way arising out of or relating to this Agreement. The Company and the Selling Stockholder each agrees that a final judgment in any such action, proceeding or counterclaim brought in any such court shall be conclusive and binding upon the Company and the Selling Stockholder and may be enforced in any other courts to the jurisdiction of which the Company or the Selling Stockholder is or may be subject, by suit upon such judgment.

17. Parties at Interest. The Agreement herein set forth has been and is made solely for the benefit of the Underwriters and the Company and the Selling Stockholder and to the extent provided in Section 12 hereof the controlling persons, partners, directors, officers, members and affiliates referred to in such Section, and their respective successors, assigns, heirs, personal representatives and executors and administrators. No other person, partnership, association or corporation (including a purchaser, as such purchaser, from any of the Underwriters) shall acquire or have any right under or by virtue of this Agreement.

18. No Fiduciary Relationship. The Company and the Selling Stockholder each hereby acknowledges that the Underwriters are acting solely as underwriters in connection with the purchase and sale of the Company's securities. The Company and the Selling Stockholder each further acknowledges that the Underwriters are acting pursuant to a contractual relationship created solely by this Agreement entered into on an arm's length basis, and in no event do the parties intend that the Underwriters act or be responsible as a fiduciary to the Company or the Selling Stockholder, their respective management, stockholders or creditors or any other person in connection with any activity that the Underwriters may undertake or have undertaken in furtherance of the purchase and sale of the Company's securities, either before or after the date hereof. The Underwriters hereby expressly disclaim any fiduciary or similar obligations to the Company or the Selling Stockholder, either in connection with the transactions contemplated by this Agreement or any matters leading up to such transactions, and the Company and the Selling Stockholder each hereby confirms its understanding and agreement to that effect. The Company, the Selling Stockholder and the Underwriters agree that they are each responsible for making their own independent judgments with respect to any such transactions and that any opinions or views expressed by the Underwriters to the Company or the Selling Stockholder regarding such transactions, including, but not limited to, any opinions or views with respect to the price or market for the Company's securities, do not constitute advice or recommendations to the Company or the Selling Stockholder. The Company, the Selling Stockholder and the Underwriters agree that the Underwriters are acting as principal and not the agent or fiduciary of the Company or the Selling Stockholder and no Underwriter has assumed, and none of them will assume, any advisory responsibility in favor of the Company or the Selling Stockholder with respect to the transactions contemplated hereby or the process leading thereto (irrespective of

whether any Underwriter has advised or is currently advising the Company or the Selling Stockholder on other matters). The Company and the Selling Stockholder each hereby waives and releases, to the fullest extent permitted by law, any claims that the Company or the Selling Stockholder may have against the Underwriters with respect to any breach or alleged breach of any fiduciary, advisory or similar duty to the Company or the Selling Stockholder in connection with the transactions contemplated by this Agreement or any matters leading up to such transactions.

19. Counterparts. This Agreement may be signed by the parties in one or more counterparts which together shall constitute one and the same agreement among the parties.

20. Successors and Assigns. This Agreement shall be binding upon the Underwriters and the Company and the Selling Stockholder and their successors and assigns and any successor or assign of any substantial portion of the Company's, the Selling Stockholder's and any of the Underwriters' respective businesses and/or assets.

21. Miscellaneous. UBS, an indirect, wholly owned subsidiary of UBS AG, is not a bank and is separate from any affiliated bank, including any U.S. branch or agency of UBS AG. Because UBS is a separately incorporated entity, it is solely responsible for its own contractual obligations and commitments, including obligations with respect to sales and purchases of securities. Securities sold, offered or recommended by UBS Securities LLC are not deposits, are not insured by the Federal Deposit Insurance Corporation, are not guaranteed by a branch or agency, and are not otherwise an obligation or responsibility of a branch or agency.

The Company and the Selling Stockholder acknowledge that, in accordance with the requirements of the USA Patriot Act, the Underwriters are required to obtain, verify and record information that identifies their respective clients, including the Company and the Selling Stockholder, which information may include the name and address of their respective clients, as well as other information that will allow the Underwriters to properly identify their respective clients.

[The Remainder of This Page Intentionally Left Blank; Signature Page Follows]

If the foregoing correctly sets forth the understanding among the Company, the Selling Stockholder and the several Underwriters, please so indicate in the space provided below for that purpose, whereupon this Agreement and your acceptance shall constitute a binding agreement among the Company, the Selling Stockholder and the Underwriters, severally.

Very truly yours,

INSTALLED BUILDING PRODUCTS, INC.

By: _____

Name:

Title:

THE SELLING STOCKHOLDER

By: IBP INVESTMENT HOLDINGS, LLC

By: _____

Name:

Title:

Accepted and agreed to as of the date first
above written, on behalf of themselves and
the other several Underwriters named in
Schedule A

DEUTSCHE BANK SECURITIES INC.
UBS SECURITIES LLC

By: DEUTSCHE BANK SECURITIES INC.

By: _____
Name:
Title:

By: _____
Name:
Title:

By: UBS SECURITIES LLC

By: _____
Name:
Title:

By: _____
Name:
Title:

FORM OF AMENDED AND RESTATED
CERTIFICATE OF INCORPORATION
OF
INSTALLED BUILDING PRODUCTS, INC.

The undersigned, for the purposes of amending and restating the Certificate of Incorporation of Installed Building Products, Inc., a Delaware corporation (the “**Corporation**”), as heretofore amended, supplemented and restated, does hereby certify that:

I. On October 28, 2011, the Corporation (under the name “**CCIB Holdco, Inc.**”) filed its original Certificate of Incorporation with the Secretary of State of the State of Delaware, thereby causing the Corporation to become organized and existing under and by virtue of the General Corporation Law of the State of Delaware (the “**DGCL**”).

II. On November 10, 2011, the Corporation filed a Certificate of Amendment with the Secretary of State of the State of Delaware changing the definition of “**Series A Preferred Original Issue Price**” from \$25,263.251 per share to \$25,245.2862 per share (in each case subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization).

III. On April 20, 2012, the Corporation filed a Certificate of Amendment with the Secretary of State of the State of Delaware increasing the aggregate number of shares of capital stock that the Corporation is authorized to issue from 1,001,000 to 1,501,000.

IV. On August 31, 2012, the Corporation filed a Certificate of Amendment with the Secretary of State of the State of Delaware further increasing the aggregate number of shares of capital stock that the Corporation is authorized to issue from 1,501,000 to 1,695,916.

V. On June 21, 2013, the Corporation filed a Certificate of Amendment with the Secretary of State of the State of Delaware changing the name of the Corporation from CCIB Holdco, Inc. to Installed Building Products, Inc.

VI. On February [], 2014, the Corporation filed a Certificate of Amendment with the Secretary of State of the State of Delaware to increase the aggregate number of shares of capital stock that the Corporation is authorized to issue from 1,695,916 to 105,100,000, comprised of 100,000,000 shares of Common Stock and 5,100,000 shares of Preferred Stock, of which 1,000 shares are designated as Series A Preferred Stock, and to effect a 19.5 for one split of the Common Stock.

VII. This Amended and Restated Certificate of Incorporation (this “**Amended and Restated Certificate of Incorporation**”), which further amends the Certificate of Incorporation in connection with the Corporation’s proposed initial public offering, was duly adopted by the Corporation in accordance with Section 245 of the DGCL.

VIII. The text of the Certificate of Incorporation of the Corporation, as heretofore amended, supplemented and restated, is hereby amended and restated to read in its entirety as follows:

ARTICLE I

NAME

The name of the Corporation is: Installed Building Products, Inc. (the “**Corporation**”).

ARTICLE II

REGISTERED OFFICE AND AGENT

The address of the Corporation’s registered office in the State of Delaware is 1209 Orange Street, Wilmington, New Castle County, Delaware 19801. The name of the Corporation’s registered agent at such address is The Corporation Trust Company.

ARTICLE III

PURPOSE

The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware (the “**DGCL**”).

ARTICLE IV

CAPITAL STOCK

The aggregate number of shares that the Corporation shall have authority to issue is 105,001,000 shares consisting of:

1. 100,000,000 shares of Common Stock, \$0.01 par value per share (the “**Common Stock**”); and
2. 5,001,000 shares of Preferred Stock, \$0.01 par value per share (the “**Preferred Stock**”), 1,000 shares of which are designated as “**Series A Preferred Stock**.”

Section 1. Common Stock.

(a) Each share of Common Stock issued and outstanding shall be identical in all respects one with the other and no dividends shall be paid on any shares of Common Stock unless the same dividend is paid on all shares of Common Stock outstanding at the time of such payment.

(b) Except for and subject to those rights expressly granted to the holders of the Preferred Stock, or except as may be provided by the DGCL, the holders of Common Stock shall have exclusively all other rights of stockholders, including, but not by way of limitation, (i) the right to receive dividends, when, as and if declared by the Board of Directors out of assets lawfully available therefor, and (ii) in the event of any distribution of assets upon liquidation,

dissolution or winding up of the Corporation or otherwise, the right to receive ratably and equally all the assets and funds of the Corporation remaining after payment of all of the Corporation's debts and other liabilities and payment to the holders of any then outstanding shares of Preferred Stock of the specific amounts that they are entitled to receive upon such liquidation, dissolution or winding up of the Corporation as herein provided.

(c) Each holder of shares of Common Stock shall be entitled to one (1) vote for each share of such Common Stock held by such holder, and voting power with respect to all classes of securities of the Corporation shall be vested solely in the Common Stock, other than as specifically provided in this Amended and Restated Certificate of Incorporation, as it may be amended, with respect to the Preferred Stock.

(d) The Common Stock shall not be convertible into, or exchangeable for, shares of any other class or classes or of any other series of the same class of the Corporation's capital stock.

(e) No holder of Common Stock shall have any preemptive rights with respect to the Common Stock or any other securities of the Corporation or to any obligations convertible (directly or indirectly) into securities of the Corporation whether now or hereafter authorized.

Section 2. Preferred Stock.

Authority is hereby vested in the Board of Directors of the Corporation to provide for the issuance of Preferred Stock in one or more series and in connection therewith to fix by resolution providing for the issue of any such series, the number of shares to be included and such of the preferences and relative participating, optional or other special rights and limitations of such series, including, without limitation, rights of redemption or conversion into Common Stock, to the fullest extent now or hereafter permitted by the DGCL. The authority of the Board of Directors with respect to each series of Preferred Stock shall include, but not be limited to, determination of the following:

- (i) the designation of the series, which may be by distinguishing number, letter or title;
- (ii) the number of shares of the series, which number the Board of Directors may thereafter increase or decrease (but not below the number of shares thereof then outstanding);
- (iii) whether dividends, if any, shall be cumulative or noncumulative and the dividend rate of the series;
- (iv) dates at which dividends, if any, shall be payable;
- (v) the redemption rights and price or prices, if any, for shares of the series;
- (vi) the terms and amount of any sinking fund provided for the purchase or redemption of shares of the series;

(vii) the amounts payable on, and the preferences, if any, of shares of the series in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation;

(viii) whether the shares of the series shall be convertible into shares of any other class or series, or any other security, of the Corporation or any other entity, and, if so, the specification of such other class or series of such other security, the conversion price or prices or rate or rates, any adjustments thereof, the date or dates at which such shares shall be convertible and all other terms and conditions upon which such conversion may be made;

(ix) restrictions on the issuance of shares of the same series or of any other class or series;

(x) the voting rights, if any, of the holders of shares of the series; and

(xi) such other powers, privileges, preferences and rights, and qualifications, limitations and restrictions thereof, as the Board of Directors shall determine.

Section 3. Series A Preferred Stock.

The holders of shares of Series A Preferred Stock shall have the rights, powers and preferences set forth below:

(a) Dividends. Except as may otherwise be prohibited by law or the terms hereof, the holders of shares of Series A Preferred Stock shall be entitled to receive dividends out of surplus at such times and in such amounts as the Board of Directors may determine in its sole discretion. Notwithstanding the foregoing, in the event that the Corporation does not redeem all of the shares of Series A Preferred Stock on or prior to the Optional Redemption Date, dividends shall accrue on each outstanding share of Series A Preferred Stock that was not redeemed (the "**Accruing Dividends**") from and after the Optional Redemption Date at the rate of 25% of (i) the product of three (3) times the Series A Original Issue Price plus (ii) the amount of declared and unpaid dividends on such share of Series A Preferred Stock, if any. Such Accruing Dividends shall begin to accrue and be cumulative from the Optional Redemption Date and shall compound on each subsequent anniversary thereof.

(b) Liquidation. The shares of Series A Preferred Stock shall also have the following rights:

(i) In connection with a Liquidation Event, after the payment or provision for payment of all debts and liabilities of the Corporation, the holders of shares of Series A Preferred Stock then outstanding shall be entitled to be paid in cash or other consideration, to the extent available, out of the assets available for distribution to the Corporation's stockholders, whether such assets are capital, surplus or earnings, and whether as a liquidating distribution or other payment, before any payment shall be made to the holders of shares of Common Stock or the holders of any other class or series of stock ranking as to liquidation junior to the shares of Series A Preferred Stock with respect to the distribution of assets in connection with a Liquidation Event, an amount per share equal to the Series A Preferred Liquidation Amount. If more than one form of consideration is received in connection

with a Liquidation Event, each Series A Preferred Holder shall be entitled to receive such form of consideration with respect to each Series A Preferred Share thereunder as it may elect in its sole discretion.

(ii) If in connection with a Liquidation Event, after the payment or provision for payment of all debts and liabilities of the Corporation, the assets available to be distributed to the holders of shares of Series A Preferred Stock shall be insufficient to permit the payment to such stockholders of the full Series A Preferred Liquidation Amount as set forth above in satisfaction of this Section 3(b), then such assets shall be distributed ratably among the holders of shares of Series A Preferred Stock, based on the Series A Preferred Liquidation Amount for the number of shares of Series A Preferred Stock held by each such holder.

(iii) After the payment to the holders of shares of Series A Preferred Stock of the full Series A Preferred Liquidation Amount specified above, no further payments shall be made to the holders of shares of Series A Preferred Stock by reason thereof, and any remaining assets of the Corporation shall be distributed with equal priority and pro rata among the holders of the shares of Common Stock or any other class or series of stock ranking as to liquidation junior to the shares of Series A Preferred Stock.

(c) Redemption.

(i) Optional Redemption. At anytime on or after July 31, 2016 but prior to July 31, 2021, upon the election of the holders of at least a majority of the shares of Series A Preferred Stock then outstanding, the Corporation shall redeem all, but not less than all, of the Series A Preferred Stock in accordance with the terms of this Section 3(c). The redemption of the Series A Preferred Stock will occur on a date (the “**Optional Redemption Date**”) within ninety (90) days of the date the Corporation receives written notice requesting the redemption of all shares of Series A Preferred Stock then outstanding pursuant hereto. The shares of Series A Preferred Stock shall be redeemed by the Corporation at a price per share equal to the Redemption Price and the Corporation shall apply all of its assets to any such redemption, and to no other corporate purpose, except to the extent (A) prohibited by applicable provisions of the DGCL governing distributions to stockholders or redemptions of stock or (B) the existence of any of the following conditions: (x) the Corporation is prohibited from redeeming any shares of Series A Preferred Stock by any credit agreement, guarantee, financing or security agreement or other agreements or instruments governing indebtedness of the Corporation or any of its affiliates or by applicable law, (y) the redemption of any shares of Series A Preferred Stock would result in the occurrence of an event of default under any financing document referred to in clause (x) above, or (z) the Corporation and its subsidiaries are unable to obtain (after using best efforts to obtain) sufficient assets to consummate the redemption of the Series A Preferred Stock (the remaining assets required to be applied to such redemption is referred to herein as “**Available Assets**”). If on the Optional Redemption Date, the Corporation does not have Available Assets to redeem all shares of Series A Preferred Stock to be redeemed, the Corporation shall ratably redeem the maximum number of shares of Series A Preferred Stock that it may redeem out of its Available Assets, and shall redeem the remaining shares of Series A Preferred Stock as soon as it has Available Assets. The Corporation shall send written notice of such redemption (the “**Optional Redemption Notice**”) to each holder of record of Series A Preferred Stock not less than twenty (20) days prior to the Optional Redemption Date. The Optional Redemption Notice shall state:

(A) the number of shares of Series A Preferred Stock held by the holder that the Corporation shall redeem on the Optional Redemption Date;

(B) the Optional Redemption Date and the Redemption Price; and

(C) that the holder is to surrender to the Corporation, in the manner and at the place designated, his, her or its certificate or certificates representing the shares of Series A Preferred Stock to be redeemed.

(ii) Redemption at Election of Corporation. The Corporation may, at its election any time and from time to time prior to the Optional Redemption Date, redeem shares of Series A Preferred Stock at the Redemption Price. The Corporation shall send written notice of such redemption (the “**Early Redemption Notice**”) to each holder of record of Series A Preferred Stock not less than twenty (20) days prior to the date on which shares of Series A Preferred Stock shall be redeemed (the “**Early Redemption Date**”), as set forth on the Early Redemption Notice. Each Early Redemption Notice shall state:

(A) the number of shares of Series A Preferred Stock held by the holder that the Corporation shall redeem on the Early Redemption Date;

(B) the Early Redemption Date and the Redemption Price; and

(C) that the holder is to surrender to the Corporation, in the manner and at the place designated, his, her or its certificate or certificates representing the shares of Series A Preferred Stock to be redeemed.

(iii) Surrender of Certificates. On or before the Optional Redemption Date or Early Redemption Date, as applicable (the “**Redemption Date**”), each holder of shares of Series A Preferred Stock to be redeemed on such Redemption Date, shall surrender the certificate or certificates representing such shares (or, if such registered holder alleges that such certificate has been lost, stolen or destroyed, a lost certificate affidavit and agreement reasonably acceptable to the Corporation to indemnify the Corporation against any claim that may be made against the Corporation on account of the alleged loss, theft or destruction of such certificate) to the Corporation, in the manner and at the place designated in the Optional Redemption Notice or Early Redemption Notice, as applicable (the “**Redemption Notice**”), and thereupon the Redemption Price for such shares shall be payable to the order of the person whose name appears on such certificate or certificates as the owner thereof. In the event less than all of the shares of Series A Preferred Stock represented by a certificate are redeemed, a new certificate representing the unredeemed shares of Series A Preferred Stock shall promptly be issued to such holder.

(iv) Effect of Tendering Payment. If the Redemption Notice shall have been duly given, and if on the applicable Redemption Date the Redemption Price payable upon redemption of the shares of Series A Preferred Stock to be redeemed on such Redemption Date is paid or tendered for payment or deposited with an independent payment agent so as to be available therefor in a timely manner, then notwithstanding that the certificates evidencing any of the shares of Series A Preferred Stock so called for redemption shall not have been surrendered, Accruing Dividends (if any) with respect to such shares of Series A Preferred Stock shall cease to accrue after such Redemption Date and all rights with respect to such shares of Series A

Preferred Stock shall forthwith after the Redemption Date terminate, except only the right of the holders of shares of Series A Preferred Stock to receive the Redemption Price without interest upon surrender of their certificate or certificates therefor.

(v) Cancellation of Redeemed Shares. Any shares of Series A Preferred Stock that are redeemed or otherwise acquired by the Corporation or any of its subsidiaries shall be automatically and immediately cancelled and retired and shall not be reissued, sold or transferred. Neither the Corporation nor any of its subsidiaries may exercise any voting or other rights granted to the holders of Series A Preferred Stock following redemption.

(vi) Waiver. Any of the rights, powers, preferences and other terms of the Series A Preferred Stock set forth herein may be waived on behalf of all holders of Series A Preferred Stock by the affirmative written consent or vote of the holders of at least a majority of the shares of Series A Preferred Stock then outstanding.

(vii) Notice. Any notice required or permitted by the provisions of this Article Fourth to be given to a holder of shares of Series A Preferred Stock shall be mailed, postage prepaid, to the post office address last shown on the records of the Corporation, or given by electronic communication in compliance with the provisions of the DGCL, and shall be deemed sent upon such mailing or electronic transmission.

(d) Voting. The holders of the Series A Preferred Stock are entitled to one vote for each share of Series A Preferred Stock held at all meetings of stockholders (and written actions in lieu of meetings) for the election of one or more directors of the Corporation, and shall vote together with the holders of Common Stock as a single class thereon. Other than as provided by law, including without limitation the DGCL, the Stockholders Agreement or Section 3(b), Section 3(e) or the first sentence of this Section 3(d), the holders of Series A Preferred Stock, as such, shall not have the right to vote on any matter presented to the stockholders of the Corporation generally for their action or consideration at any meeting of stockholders of the Corporation (or by written consent of stockholders in lieu of meeting).

(e) Series A Preferred Stock Protective Provisions. For so long as any shares of Series A Preferred Stock are outstanding, without the affirmative written consent or vote of the holders of at least a majority of the shares of Series A Preferred Stock then outstanding, the Corporation shall not, whether by merger, consolidation or otherwise, and shall not permit or cause any direct or indirect subsidiary to, whether by merger, consolidation or otherwise, and shall not enter into any commitment to (each a **“Reserved Matter”**):

(i) create, or authorize the creation of, or issue shares of, any class or series of capital stock or any rights, warrants, options, bonds, debentures, notes or other obligations directly or indirectly convertible into or exercisable or exchangeable for, any shares of capital stock of the Corporation of any class or series, whether at the time of issuance or upon the passage of time or the occurrence of some future event, or increase the authorized number of shares of a class or series of capital stock;

(ii) reclassify, alter or amend the designations, powers, preferences, rights or qualifications of any class or series of capital stock;

(iii) except for Accruing Dividends, pay or declare any dividend or make any distribution on, any shares of capital stock, or set aside any funds therefor;

(iv) other than (A) redemptions of the Series A Preferred Stock in accordance with this Amended and Restated Certificate of Incorporation or (B) repurchases of shares of Common Stock in connection with the cessation of employment or service of an employee or consultant at the price per share provided for in any agreement by and between the Corporation and such employee or consultant, redeem or repurchase (or permit any subsidiary to redeem or repurchase) any shares of capital stock;

(v) amend, modify or waive any provision of the Amended and Restated Certificate of Incorporation or Bylaws;

(vi) authorize any merger, consolidation, recapitalization, restructuring, exchange, dissolution or liquidation or approve the conveyance, sale, transfer, assignment or disposal of a majority (based on the fair market value) of its assets (excluding sales of inventory and other dispositions of assets in the ordinary course of business), except for mergers of subsidiaries into subsidiaries, mergers of subsidiaries into the Corporation, intercompany sales of assets, and dissolutions of subsidiaries in the ordinary course of business, provided such mergers, intercompany sales and dissolutions do not result in an adverse impact to the Corporation, including negative tax and/or accounting implications;

(vii) enter into any transaction, contract, agreement or other arrangement with any affiliate or related party that requires payments, individually or in the aggregate, in excess of \$100,000, except in accordance with the terms in effect on the date hereof of the Management Agreement dated March 29, 2004 by and among IBP Holding Company, Installed Building Products, LLC and certain other parties, as amended and/or restated to date, and of the Management Agreement dated as of October 29, 2007 by and among IBP Holding Company, Installed Building Products II, LLC and certain other parties, as amended and/or restated to date, through and until December 31, 2011, projects involving the installation of building materials, inter-affiliate benefit plans, and the extension and/or renewal of real estate leases in existence as of the date hereof, in each case so long as they are no less favorable to the Corporation than could be obtained on an arm's length basis from an unrelated third party;

(viii) increase or decrease the authorized number of directors constituting the Board of Directors;

(ix) enter into, renew or guarantee any debt instrument that requires or may require payments in excess of \$250,000 individually or \$1,000,000 in the aggregate, except for insurance premium financing, intercompany debt among the Corporation and its subsidiaries or among subsidiaries of the Corporation, letters of credit, contracts and transactions otherwise excepted in subsection (vii) or any debt instrument the proceeds of which will be used solely to redeem the Series A Preferred Stock as required by Section 5(c)(i);

(x) (A) operate other than in material compliance with the then-effective annual budget, annual financial plan or operating budget of the Corporation; or (B) make any material change to the nature of the Corporation's business, other than as expressly contemplated by the then effective annual budget and except to engage in activities incidental thereto, similar, related or complimentary businesses, or businesses not substantially different from the lines of the Corporation's business as conducted on the date of this Amended and Restated Certificate of Incorporation;

(xi) appoint or remove (with or without cause), enter into or amend any material term of (i) any employment agreement or arrangement with, (ii) the compensation (including salary, bonus, deferred compensation or otherwise) or benefits of, (iii) any stock option, employee stock purchase or similar equity-based award to, (iv) any benefit, severance or other similar plan (except for benefit plans available to employees generally) of, or (v) any bonus payments to, any officer;

(xii) create, authorize, adopt or amend any stock option plan, other equity-based compensation arrangement, equity incentive compensation plan, or any individual non-equity incentive compensation plan or arrangement under which the value of the incentive under the plan or arrangement is expected to exceed \$500,000 in any fiscal year, except amendments necessary to comply with law;

(xiii) change the tax status of the Corporation or make any material tax election;

(xiv) appoint or remove the Corporation's auditors or make any changes in the accounting methods or policies of the Corporation (other than as required by United States generally acceptable accounting principles);

(xv) make any loan, advance or capital contribution to any person in excess of \$100,000 individually or \$500,000 in the aggregate, except for any loan, advance or capital contribution made in the ordinary course of business to a direct or indirect wholly-owned subsidiary of the Corporation or Suburban Insulation, Inc.; or

(xvi) make any investment in any other person in excess of \$100,000 individually or \$1,000,000 in the aggregate, except for any investment made in the ordinary course of business to a direct or indirect wholly-owned subsidiary of the Corporation or Suburban Insulation, Inc.

(f) Conversion. The shares of Series A Preferred Stock shall not be convertible into shares of Common Stock.

(g) No Impairment. The Corporation will not, by amendment of the Amended and Restated Certificate of Incorporation or through reorganization, consolidation, merger, dissolution, sale of assets or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms of the Amended and Restated Certificate of Incorporation, but will at all times in good faith assist in the carrying out of all such terms and in the taking of all such actions as may be necessary or appropriate in order to protect the rights of the holders of shares of capital stock of the Corporation against impairment.

(h) Definitions.

"Liquidation Event" means (i) the Corporation or a third-party consummates a transaction or series of transactions in which more than 50% of the Common Stock voting power (including any securities that vote together with the Common Stock on any matter presented to the stockholders of the Corporation generally for their action or consideration at any meeting of stockholders of the Corporation (or by written consent of stockholders in lieu of meeting)) of the

Corporation is disposed of to a single person or group of affiliated persons; (ii) the Corporation consolidates or merges with or into any other corporation or entity in a transaction or series of transactions in which the Corporation is not the surviving person; (iii) the Corporation sells, licenses or otherwise transfers all or substantially all of its assets to a third party; or (iv) a liquidation, dissolution or winding-up of the Corporation occurs.

“**Redemption Price**” means an amount per share equal to the sum of (a) three times the Series A Preferred Original Issue Price, plus (b) any Accruing Dividends that have accrued thereon, plus (c) any other dividends declared but unpaid thereon, payable to each holder of Series A Preferred Stock pursuant to Article Fourth, Section 3(c) on the Redemption Date.

“**Series A Preferred Liquidation Amount**” means an amount per share equal to (a) three (3) times the Series A Preferred Original Issue Price, plus (b) any Accruing Dividends that have accrued thereon, plus (c) any other dividends declared but unpaid thereon, payable to each holder of Series A Preferred Stock, upon the occurrence of a Liquidation Event.

“**Series A Preferred Original Issue Price**” shall mean \$25,245.2862 per share, subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to the Series A Preferred Stock.

ARTICLE V

BOARD OF DIRECTORS

Section 1. Number of Directors.

The number of directors that shall constitute the Board of Directors shall be fixed from time to time by resolution adopted by the affirmative vote of a majority of the total number of directors then in office.

Section 2. Classes of Directors.

The Board of Directors shall be and is divided into three (3) classes, as nearly equal in number as possible, designated: Class I, Class II and Class III. In case of any increase or decrease, from time to time, in the number of directors, the number of directors shall be apportioned as nearly equal as possible. No decrease in the number of directors shall shorten the term of any incumbent director.

Section 3. Election and Term of Office.

The directors shall be elected in accordance with the procedures set forth in the Bylaws of the Corporation (the “**Bylaws**”), as permitted by law. Each director shall serve for a term ending on the date of the third annual meeting of stockholders following the annual meeting at which such director was elected; provided, that each director initially appointed to Class I shall serve for an initial term expiring at the Corporation’s first annual meeting of stockholders

following the effectiveness of this provision; each director initially appointed to Class II shall serve for an initial term expiring at the Corporation's second annual meeting of stockholders following the effectiveness of this provision; and each director initially appointed to Class III shall serve for an initial term expiring at the Corporation's third annual meeting of stockholders following the effectiveness of this provision. The directors shall be elected and shall hold office only in this manner, except as expressly provided in Section 4 and Section 5 of this Article V. Each director shall hold office until a successor is duly elected and qualified or until his or her earlier death, resignation, retirement, disqualification or removal. Elections of directors need not be by written ballot unless the Bylaws shall so provide.

Section 4. Newly Created Directorships and Vacancies.

Newly created directorships resulting from any increase in the number of directors or any vacancies in the Board of Directors resulting from expansion of the Board of Directors, death, resignation, retirement, disqualification, removal from office or any other cause may be filled, so long as there is at least one remaining director, only by the Board of Directors, provided that a quorum is then in office and present, or by a majority of the directors then in office, if less than a quorum is then in office, or by the sole remaining director. Directors elected to fill vacancies shall have the same remaining term as that of his or her predecessor.

Section 5. Removal of Directors.

Directors may be removed from office only for cause and, in addition to any vote required by law, the affirmative vote of the holders of at least 66 2/3% of the voting power of all then outstanding shares of capital stock of the Corporation entitled to vote generally in an election of directors, voting together as a single class, shall be required to effect such removal.

Section 6. Rights of Holders of Preferred Stock.

Notwithstanding the provisions of this Article V, whenever the holders of one or more series of Preferred Stock issued by the Corporation shall have the right, voting separately or together by series, to elect directors at an annual or special meeting of stockholders, the election, term of office, filling of vacancies and other features of such directorship shall be governed by the rights of such Preferred Stock as set forth in this Amended and Restated Certificate of Incorporation or the certificate of designation governing such series.

ARTICLE VI

ANNUAL MEETING

The annual meeting of stockholders for the election of directors and for the transaction of such other business as may properly come before the meeting shall be held at such date, time and place, if any, as shall be determined solely by the resolution of the Board of Directors in its sole and absolute discretion, including, without limitation, by remote electronic communication technology.

ARTICLE VII

BYLAWS

The Board of Directors is expressly authorized to adopt, amend or repeal the Bylaws. The affirmative vote of at least a majority of the entire Board of Directors shall be required to adopt, amend or repeal the Bylaws. Notwithstanding the foregoing and anything contained in

this Amended and Restated Certificate of Incorporation to the contrary, the Bylaws shall not be amended or repealed by the stockholders, and no provision inconsistent therewith shall be adopted by the stockholders, without the affirmative vote of the holders of at least a majority of the voting power of all outstanding shares of the Corporation entitled to vote generally in the election of directors, voting together as a single class.

ARTICLE VIII

LIMITATION OF LIABILITY

To the fullest extent permitted by the DGCL as it now exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader director protection rights than permitted prior thereto), no director of the Corporation shall be personally liable to the Corporation or any of its stockholders for monetary damages arising from a breach of fiduciary duty owed to the Corporation or its stockholders. Any repeal or modification of this Article VIII by the stockholders of the Corporation shall not adversely affect any right or protection of a director of the Corporation existing at the time of such repeal or modification with respect to acts or omissions occurring prior to such repeal or modification.

ARTICLE IX

CORPORATE OPPORTUNITY

In recognition of the fact that the Corporation, Jeffrey W. Edwards and his affiliates (“**Edwards**”) and Littlejohn Management Holdings, LLC and its affiliates (“**Littlejohn**”) and directors, officers and employees of Edwards and Littlejohn, acting in their capacities as such, currently engage in, and may in the future engage in, the same or similar activities or lines of business and have an interest in the same areas and types of corporate opportunities, and in recognition of the benefits to be derived by the Corporation through its continued respective corporate and business relations with Mr. Edwards and Littlejohn (including, without limitation, the service of Mr. Edwards and of directors, officers and employees of Edwards and/or Littlejohn as directors, officers and employees of the Corporation), the provisions of this ARTICLE IX are set forth to regulate and define the conduct of certain affairs of the Corporation as they may involve Edwards and Littlejohn and their directors, officers and employees, acting in their capacities as such, and the powers, rights, duties and liabilities of the Corporation and its directors, officers, employees and stockholders in connection therewith. In furtherance of the foregoing, the Corporation renounces any interest or expectancy in, or in being offered the opportunity to participate in, any corporate opportunity not allocated to it pursuant to this ARTICLE IX to the fullest extent permitted by Section 122(17) of the DGCL (or any successor provision).

To the fullest extent permitted by applicable law, no director, officer, employee or stockholder of the Corporation, in such capacity, that may be Mr. Edwards, Littlejohn or a director, officer, or employee of Edwards or Littlejohn, acting in his or her capacity as such, shall have any obligation to the Corporation to refrain from competing with the Corporation, making investments in competing businesses or otherwise engaging in any commercial activity that competes with the Corporation, which in each case is not a Restricted Opportunity. To the

fullest extent permitted by applicable law, (i) the Corporation shall not have any right, interest or expectancy with respect to any such investment or activity that is not a Restricted Opportunity undertaken by Mr. Edwards, Littlejohn or any director, officer or employee of Edwards or Littlejohn, acting in his or her capacity as such, (ii) no such investments or activities by Edwards or Littlejohn that are not Restricted Opportunities shall be deemed wrongful or improper and (iii) neither Edwards nor Littlejohn shall be obligated to communicate, offer or present to the Corporation any potential transaction, matter or opportunity that is not a Restricted Opportunity, even if such potential transaction, matter or opportunity is of a character that, if presented to the Corporation, could be taken by the Corporation. In the event that Mr. Edwards, Littlejohn or any director, officer or employee of Edwards or Littlejohn, acting in his or her capacity as such, acquires knowledge of a potential transaction or matter that may be a corporate opportunity for the Corporation but is not a Restricted Opportunity, Mr. Edwards and Littlejohn and the directors, officers and employees of Edwards or Littlejohn, acting in their capacities as such, shall have no duty to communicate or offer such corporate opportunity to the Corporation and shall not be liable to the Corporation or its stockholders for breach of any fiduciary duty by reason of the fact that Mr. Edwards, Littlejohn or any director, officer or employee of Edwards or Littlejohn, acting in his or her capacity as such, pursues or acquires such corporate opportunity for itself, directs such corporate opportunity to another person or does not communicate information regarding such corporate opportunity to the Corporation, and the Corporation hereby renounces any interest or expectancy in such corporate opportunity.

Nothing in this Article IX shall limit or otherwise prejudice any contractual rights the Corporation may have or obtain against Mr. Edwards, Littlejohn or any director, officer or employee of Edwards or Littlejohn.

Any person or entity purchasing or otherwise acquiring any interest in shares of capital stock of the Corporation shall be deemed to have notice of and consented to the provisions of this Article IX.

Neither the alteration, amendment or repeal of this Article IX nor the adoption of any provision of this Amended and Restated Certificate of Incorporation inconsistent with this Article IX shall eliminate or reduce the effect of this Article IX in respect of any matter occurring, or any cause of action, suit or claim that, but for this Article IX would accrue or arise, prior to such alteration, amendment, repeal or adoption.

For purposes of this Article IX:

“**Affiliates**” shall mean, with (i) respect to Littlejohn, any Person (other than the Corporation or any Person controlled by the Corporation) (a) controlling, controlled by or under common control with Littlejohn, (b) any general partner, managing member or partner, director, officer or employee of Littlejohn or any Affiliate of Littlejohn, or (c) any private equity fund now or hereafter existing that is controlled by one or more of, or shares the same management company with, Littlejohn, or (ii) with respect to Edwards, any Person (other than the Corporation or any Person controlled by the Corporation) (y) controlling, controlled by or under common control with Edwards, (z) any general partner, managing member or partner, director, officer or employee of Edwards or any Affiliate of Edwards.

“**Person**” shall mean any individual, corporation, partnership, joint venture, limited liability company, association or other business entity and any trust, unincorporated organization or government or any agency or political subdivision thereof.

“**Restricted Opportunity**” shall mean a transaction, matter or opportunity offered in writing to Mr. Edwards or Littlejohn or a director, officer, or employee of Edwards or Littlejohn solely and expressly by virtue of such Person being a member of the Board of Directors or an officer or an employee of the Corporation.

ARTICLE X

INDEMNIFICATION

The Corporation shall indemnify its directors to the fullest extent permitted by the DGCL as it now exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader protection rights than permitted prior thereto), and such right to indemnification shall continue as to a person who has ceased to be a director of the Corporation and shall inure to the benefit of his or her heirs, executors and personal and legal representatives; provided, that, except for proceedings to enforce rights and indemnification, the Corporation shall not be obligated to indemnify any director (or his or her heirs, executors or personal or legal representatives) in connection with a proceeding (or part thereof) initiated by such person unless such proceeding (or part thereof) was authorized or consented by the Board of Directors. The right to indemnification conferred by this Article X shall include the right to be paid by the Corporation the expenses incurred in defending or otherwise participating in any proceeding in advance of its final disposition.

The Corporation may, to the extent authorized from time to time by the Board of Directors, provide rights to indemnification and to the advancement of expenses to officers, employees and agents of the Corporation similar to those conferred in this Article X to the Board of Directors.

The rights to indemnification and to the advancement of expenses in this Article X shall not be exclusive of any other right which any person may have or hereafter acquire under this Amended and Restated Certificate of Incorporation, as amended from time to time, the Bylaws, any statute, agreement, vote of stockholders or disinterested directors or otherwise.

Any repeal or modification of this Article X by the stockholders of the Corporation shall not adversely affect any rights to indemnification and to the advancement of expenses of a director or officer of the Corporation existing at the time of such repeal or modification with respect to any acts or omissions occurring prior to such repeal or modification.

ARTICLE XI

PLACE OF STOCKHOLDER MEETINGS; BOOKS AND RECORDS

Meetings of stockholders may be held within or without the State of Delaware, as the Board of Directors or the Bylaws may provide. The books of the Corporation may be kept (subject to any provision contained in the DGCL) outside the State of Delaware at such place or places as may be designated from time to time by the Board of Directors or in the Bylaws.

ARTICLE XII

ACTION BY WRITTEN CONSENT; SPECIAL MEETINGS OF STOCKHOLDERS; ADVANCE NOTICE

Section 1. Action by Written Consent.

Any action required or permitted to be taken by stockholders of the Corporation must be effected at a meeting of the stockholders of the Corporation and may not be effected by written consent in lieu of a meeting.

Section 2. Special Meetings.

Except as otherwise expressly provided by the terms of any series of Preferred Stock permitting the holders of such series of Preferred Stock to call a special meeting of the holders of such series, special meetings of stockholders of the Corporation may be called only by a resolution duly adopted by the Board of Directors, and the ability of the stockholders to call a special meeting is hereby specifically denied. The Board of Directors may cancel, postpone or reschedule any previously scheduled special meeting at any time, before or after the notice for such meeting has been sent to the stockholders. Only such business shall be considered at a special meeting of stockholders as shall have been stated in the notice for such meeting.

Section 3. Advance Notice.

Advance notice of stockholder nominations for the election of directors and of business to be brought by stockholders before any meeting of the stockholders of the Corporation shall be given in the manner provided in the Bylaws.

ARTICLE XIII

SEVERABILITY

If any provision or provisions of this Amended and Restated Certificate of Incorporation shall be held to be invalid, illegal or unenforceable as applied to any circumstance for any reason whatsoever, (i) the validity, legality and enforceability of such provisions in any other circumstance and of the remaining provisions of this Amended and Restated Certificate of Incorporation (including, without limitation, each portion of any paragraph of this Amended and Restated Certificate of Incorporation containing any such provision held to be invalid, illegal or unenforceable that is not itself held to be invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby and (ii) to the fullest extent possible, the provisions of this Amended and Restated Certificate of Incorporation (including, without limitation, each such portion of any paragraph of this Amended and Restated Certificate of Incorporation containing any such provision held to be invalid, illegal or unenforceable) shall be construed so as to permit the Corporation to protect its directors, officers, employees and agents from personal liability in respect of their good faith service to or for the benefit of the Corporation to the fullest extent permitted by law.

ARTICLE XIV

AMENDMENT

The Corporation reserves the right to amend, alter, change or repeal any provision contained in this Amended and Restated Certificate of Incorporation, in the manner now or hereafter prescribed by statute, and all rights conferred upon stockholders herein are granted subject to this reservation.

* * *

IN WITNESS WHEREOF, said Installed Building Products, Inc. has caused this Amended and Restated Certificate of Incorporation to be executed by Shelley A. McBride, its Secretary, this th day of [], 2014.

Shelley A. McBride
Secretary

**FORM OF AMENDED AND RESTATED
BYLAWS
OF
INSTALLED BUILDING PRODUCTS, INC.**

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ARTICLE I

STOCKHOLDERS

Section 1.01 Annual Meetings. An annual meeting of the stockholders of Installed Building Products, Inc. (the “**Corporation**”) for the election of directors and for the transaction of such other business as properly may come before such meeting shall be held at such date and time as may be fixed from time to time by resolution of the board of directors of the Corporation (the “**Board of Directors**”) and set forth in the notice, or waiver of notice, of such meeting.

Section 1.02 Special Meetings. Special meetings of stockholders of the Corporation may be called only by a resolution duly adopted by the Board of Directors. The Board of Directors may cancel, postpone or reschedule any previously scheduled special meeting at any time, before or after the notice for such meeting has been sent to the stockholders. Only such business shall be considered at a special meeting of stockholders as shall have been stated in the notice for such meeting.

Section 1.03 Notice of Stockholder Business and Nominations.

(a) *Annual Meetings of Stockholders*.

(i) Subject to the provisions of ARTICLE II of these Bylaws, nominations of persons for election to the Board of Directors and the proposal of business to be considered by the stockholders may be made at an annual meeting of stockholders only (A) pursuant to the Corporation’s notice of meeting (or any supplement thereto), (B) by or at the direction of the Board of Directors or any committee thereof or (C) by any stockholder of the Corporation who was a stockholder of record of the Corporation at the time the notice provided for in this Section 1.03 is delivered to the Secretary of the Corporation, who is entitled to vote at the meeting and who complies with the notice procedures set forth in this Section 1.03.

(ii) For nominations or other business to be properly brought before an annual meeting by a stockholder pursuant to clause (C) of paragraph (a)(i) of this Section 1.03, the stockholder must have given timely notice thereof in writing to the Secretary of the Corporation and any such proposed business other than the nominations of persons for election to the Board of Directors must constitute a proper matter for stockholder action. To be timely, a stockholder’s notice shall be delivered to the Secretary of the Corporation at the principal executive offices of the Corporation not later than the close of business on the ninetieth (90th) day, nor earlier than the close of business on the one hundred twentieth (120th) day, prior to the first anniversary of the preceding year’s annual meeting; *provided, however*, that in the event that the date of the annual meeting is more than thirty (30) days before or more than seventy (70) days after such anniversary date, notice by the stockholder must be so delivered not earlier than the close of business on the one hundred twentieth (120th) day prior to such annual meeting and not later than the close of business on the later of the ninetieth (90th) day prior to such annual meeting or the tenth (10th) day following the day on which public announcement of the date of such meeting is first made by the Corporation. In no event shall the public announcement of an adjournment or postponement of an annual meeting commence a new time period (or extend any time period) for the giving of a stockholder’s notice as described above. Such stockholder’s notice shall set forth: (A) as to each person whom the stockholder proposes to nominate for election as a director: (1) all information relating to such person that is required to be disclosed in solicitations of proxies for election of directors in an election contest, or is otherwise required,

in each case, pursuant to and in accordance with Regulation 14A under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and (2) such person's written consent to being named in the proxy statement as a nominee and to serving as a director if elected; (B) as to any other business that the stockholder proposes to bring before the meeting, a brief description of the business desired to be brought before the meeting, the text of the proposal or business (including the text of any resolutions proposed for consideration and in the event that such business includes a proposal to amend the Bylaws of the Corporation, the language of the proposed amendment), the reasons for conducting such business at the meeting and any material interest in such business of such stockholder and the beneficial owner, if any, on whose behalf the proposal is made; and (C) as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the nomination or proposal is made (1) the name and address of such stockholder, as they appear on the Corporation's books, and of such beneficial owner, (2) the class and number of shares of capital stock of the Corporation that are owned beneficially and of record by such stockholder and such beneficial owner, (3) a representation that the stockholder is a holder of record of stock of the Corporation entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to propose such business or nomination and (4) a representation whether the stockholder or the beneficial owner, if any, intends or is part of a group that intends (x) to deliver a proxy statement and/or form of proxy to holders of at least the percentage of the Corporation's outstanding capital stock required to approve or adopt the proposal or elect the nominee and/or (y) otherwise to solicit proxies from stockholders in support of such proposal or nomination. The foregoing notice requirements of this Section 1.03 shall be deemed satisfied by a stockholder if the stockholder has notified the Corporation of his, her or its intention to present a proposal or nomination at an annual meeting in compliance with applicable rules and regulations promulgated under the Exchange Act and such stockholder's proposal or nomination has been included in a proxy statement that has been prepared by the Corporation to solicit proxies for such annual meeting. The Corporation may require any proposed nominee to furnish such other information as it may reasonably require to determine the eligibility of such proposed nominee to serve as a director of the Corporation.

(iii) Notwithstanding anything in the second sentence of paragraph (a)(ii) of this Section 1.03 to the contrary, in the event that the number of directors to be elected to the Board of Directors at an annual meeting is increased and there is no public announcement by the Corporation naming the nominees for the additional directorships at least one hundred (100) days prior to the first anniversary of the preceding year's annual meeting, a stockholder's notice required by this Section 1.03 shall also be considered timely, but only with respect to nominees for the additional directorships, if it shall be delivered to the Secretary of the Corporation at the principal executive offices of the Corporation not later than the close of business on the tenth (10 th) day following the day on which such public announcement is first made by the Corporation.

(b) *Special Meetings of Stockholders.* Subject to the provisions of ARTICLE II of these Bylaws, nominations of persons for election to the Board of Directors may be made at a special meeting of stockholders at which directors are to be elected pursuant to the Corporation's notice of meeting (i) by or at the direction of the Board of Directors or any committee thereof or (ii) provided that the Board of Directors has determined that directors shall be elected at such meeting, by any stockholder of the Corporation who is a stockholder of record at the time the notice provided for in this Section 1.03 is delivered to the Secretary of the Corporation, who is entitled to vote at the meeting and upon such election and who complies with the notice procedures set forth in this Section 1.03. Subject to the provisions of ARTICLE II of these

Bylaws, in the event the Corporation calls a special meeting of stockholders for the purpose of electing one or more directors to the Board of Directors, any such stockholder entitled to vote in such election of directors may nominate a person or persons (as the case may be) for election to such position(s) as specified in the Corporation's notice of meeting, if the stockholder's notice required by paragraph (a)(ii) of this Section 1.03 shall be delivered to the Secretary of the Corporation at the principal executive offices of the Corporation not earlier than the close of business on the one hundred twentieth (120th) day prior to such special meeting and not later than the close of business on the later of the ninetieth (90th) day prior to such special meeting or the tenth (10th) day following the day on which public announcement is first made of the date of the special meeting and of the nominees proposed by the Board of Directors to be elected at such meeting. In no event shall the public announcement of an adjournment or postponement of a special meeting commence a new time period (or extend any time period) for the giving of a stockholder's notice as described above.

(c) *General.*

(i) Only such persons who are nominated in accordance with the procedures set forth in this Section 1.03 or ARTICLE II of these Bylaws shall be eligible to be elected at an annual or special meeting of stockholders of the Corporation to serve as directors and only such business shall be conducted at a meeting of stockholders as shall have been brought before the meeting in accordance with the procedures set forth in this Section 1.03. Except as otherwise provided by law, the chairman of the meeting shall have the power and duty (A) to determine whether a nomination or any business proposed to be brought before the meeting was made or proposed, as the case may be, in accordance with the procedures set forth in this Section 1.03 or ARTICLE II (including whether the stockholder or beneficial owner, if any, on whose behalf the nomination or proposal is made solicited (or is part of a group which solicited) or did not so solicit, as the case may be, proxies in support of such stockholder's nominee or proposal in compliance with such stockholder's representation as required by clause (a)(ii)(C)(4) of this Section 1.03) and (b) if any proposed nomination or business was not made or proposed in compliance with this Section 1.03, to declare that such nomination shall be disregarded or that such proposed business shall not be transacted. Notwithstanding the foregoing provisions of this Section 1.03, unless otherwise required by law, if the stockholder (or a qualified representative of the stockholder) does not appear at the annual or special meeting of stockholders of the Corporation to present a nomination or proposed business, such nomination shall be disregarded and such proposed business shall not be transacted, notwithstanding that proxies in respect of such vote may have been received by the Corporation. For purposes of this Section 1.03, to be considered a qualified representative of the stockholder, a person must be a duly authorized officer, manager or partner of such stockholder or must be authorized by a writing executed by such stockholder or an electronic transmission delivered by such stockholder to act for such stockholder as proxy at the meeting of stockholders and such person must produce such writing or electronic transmission, or a reliable reproduction of the writing or electronic transmission, at the meeting of stockholders.

(ii) For purposes of this Section 1.03, "public announcement" shall include disclosure in a press release reported by the Dow Jones News Service, Associated Press or comparable national news service or in a document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to Section 13, 14 or 15(d) of the Exchange Act.

(iii) Notwithstanding the foregoing provisions of this Section 1.03, a stockholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations

thereunder with respect to the matters set forth in this Section 1.03. Nothing in this Section 1.03 shall be deemed to affect any rights (A) of stockholders to request inclusion of proposals or nominations in the Corporation's proxy statement pursuant to applicable rules and regulations promulgated under the Exchange Act or (B) of the holders of any series of preferred stock of the Corporation to elect directors pursuant to any applicable provisions of the certificate of incorporation of the Corporation, as may be amended from time to time (the "Charter").

Section 1.04 Place of Meetings. Meetings of the stockholders shall be held at such places, within or without the State of Delaware, or, within the sole discretion of the Board of Directors, by remote electronic communication technologies, as shall be specified in the respective notice, or waiver of notice, of such meeting. If no designation is made, the place of meeting shall be the principal executive office of the Corporation.

Section 1.05 Notice of Meetings. Whenever stockholders are required or permitted to take action at a meeting, written notice (which can be electronic) stating the place, if any, date, time and, in the case of special meetings, the purpose or purposes of such meeting shall be given to each stockholder entitled to vote at such meeting. Unless otherwise provided by law, the Charter or these Bylaws, the written notice of any meeting shall be given not less than ten (10) nor more than sixty (60) days before the date of the meeting to each stockholder entitled to vote at such meeting. If mailed, such notice shall be deemed to be given when deposited in the United States mail, postage prepaid, directed to the stockholder at such stockholder's address as it appears in the records of the Corporation.

Section 1.06 Stockholders List. The officer having charge of the stock ledger of the Corporation shall make, at least ten (10) days before every meeting of the stockholders, a complete list of the stockholders entitled to vote at such meeting arranged in alphabetical order, showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten (10) days prior to the meeting, (i) on a reasonably accessible electronic network, provided that the information required to gain access to such list is provided with the notice of meeting, or (ii) during ordinary business hours at the principal place of business of the Corporation. The list of stockholders must also be open to examination at the meeting as required by applicable law. Except as otherwise provided by law, the stock ledger shall be the only evidence as to who are the stockholders entitled to examine the list of stockholders required by this Section 1.06 or to vote in person or by proxy at any meeting of stockholders.

Section 1.07 Quorum. Except as otherwise required by law or by the Charter, the presence in person or by proxy of the holders of record representing a majority of the voting power entitled to vote at a meeting of stockholders shall constitute a quorum for the transaction of business at such meeting. If a quorum is not present, the chairman of the meeting may adjourn the meeting to another time and/or place in the manner provided by Section 1.08 until a quorum shall be so present or represented.

Section 1.08 Adjournment. Notice of any adjourned meeting of the stockholders of the Corporation need not be given if the place, if any, date and hour thereof, and the means of remote communications, if any, by which stockholders and proxy holders may be deemed to be present in person and vote at such meeting, are announced at the meeting at which the adjournment is taken; *provided, however*, that if the adjournment is for more than thirty

(30) days, or if after the adjournment a new record date for the adjourned meeting is fixed, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at such meeting. At any adjourned meeting at which a quorum is present, any business may be transacted that might have been transacted on the original date of the meeting.

Section 1.09 Voting. If, pursuant to Section 5.05 of these Bylaws, a record date has been fixed, every holder of record of shares entitled to vote at a meeting of stockholders shall be entitled that number of votes as set forth in the Charter for each share outstanding in his or her name on the books of the Corporation at the close of business on such record date. If no record date has been fixed, then every holder of record of shares entitled to vote at a meeting of stockholders shall be entitled to that number of votes as set forth in the Charter for each share of stock standing in his or her name on the books of the Corporation at the close of business on the day next preceding the day on which notice of the meeting is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held. Except as otherwise required by law or by the Charter or by these Bylaws, the vote of a majority of the shares represented in person or by proxy at any meeting at which a quorum is present shall be sufficient for the transaction of any business at such meeting.

Section 1.10 Voting by Ballot. No vote of the stockholders need be taken by written ballot, or by a ballot submitted by electronic transmission, unless otherwise required by law. Any vote that need not be taken by written ballot, or by a ballot submitted by electronic transmission, may be conducted in any manner approved by the meeting.

Section 1.11 Proxies. Any stockholder entitled to vote at any meeting of the stockholders or to express consent to or dissent from corporate action in writing without a meeting may authorize another person or persons to vote at any such meeting and express such consent or dissent for him or her by proxy. A stockholder may authorize a valid proxy by executing a written instrument signed by such stockholder, or by causing his or her signature to be affixed to such writing by any reasonable means including, but not limited to, by facsimile signature, or by transmitting or authorizing the transmission of a telegram, cablegram or other means of electronic transmission to the person designated as the holder of the proxy, a proxy solicitation firm or a like authorized agent. No such proxy shall be voted or acted upon after the expiration of three years from the date of such proxy, unless such proxy provides for a longer period. A proxy shall be irrevocable if it states that it is irrevocable and if, and only as long as, it is coupled with an interest sufficient in law to support an irrevocable power. A stockholder may revoke any proxy that is not irrevocable by attending the meeting and voting in person or by filing an instrument in writing revoking the proxy or by filing another duly executed proxy bearing a later date with the Secretary. Proxies by telegram, cablegram or other electronic transmission must either set forth or be submitted with information from which it can be determined that the telegram, cablegram or other electronic transmission was authorized by the stockholder. Any copy, facsimile telecommunication or other reliable reproduction of a writing or transmission created pursuant to this section may be substituted or used in lieu of the original writing or transmission for any and all purposes for which the original writing or transmission could be used, provided that such copy, facsimile telecommunication or other reproduction shall be a complete reproduction of the entire original writing or transmission.

Section 1.12 No Action by Written Consent. Any action required or permitted to be taken by stockholders of the Corporation must be effected at a meeting of the stockholders of the Corporation and may not be effected by written consent in lieu of a meeting.

Section 1.13 Organization; Procedure. At every meeting of stockholders, the Chairman (or, in the event of his or her absence or disability, the person whom the Board of Directors designates, or, in the event of his or her absence or disability or the inability of the Board of Directors to designate a person, a presiding officer chosen by a majority of the stockholders present in person or by proxy) shall act as chairman of the meeting. The Secretary, or in the event of his or her absence or disability, an appointee of the chairman of the meeting, shall act as Secretary of the meeting. The order of business and all other matters of procedure at every meeting of stockholders may be determined by the chairman of the meeting.

Section 1.14 Inspectors of Election. The Corporation may, and shall if required by law, in advance of any meeting of stockholders, appoint one or more inspectors of election, who may be employees of the Corporation, to act at the meeting or any adjournment thereof and to make a written report thereof. The Corporation may designate one or more persons as alternate inspectors to replace any inspector who fails to act. In the event that no inspector so appointed or designated is able to act at a meeting of stockholders, the person presiding at the meeting shall appoint one or more inspectors to act at the meeting. Each inspector, before entering upon the discharge of his or her duties, shall take and sign an oath to execute faithfully the duties of inspector with strict impartiality and according to the best of his or her ability. The inspector or inspectors so appointed or designated shall (a) ascertain the number of shares of capital stock of the Corporation outstanding and the voting power of each such share, (b) determine the shares of capital stock of the Corporation represented at the meeting and the validity of proxies and ballots, (c) count all votes and ballots, (d) determine and retain for a reasonable period a record of the disposition of any challenges made to any determination by the inspectors and (e) certify their determination of the number of shares of capital stock of the Corporation represented at the meeting and such inspectors' count of all votes and ballots. Such certification and report shall specify such other information as may be required by law. In determining the validity and counting of proxies and ballots cast at any meeting of stockholders of the Corporation, the inspectors may consider such information as is permitted by applicable law. No person who is a candidate for an office at an election may serve as an inspector at such election.

Section 1.15 Conduct of Meetings. The Board of Directors may adopt by resolution such rules and regulations for the conduct of the meeting of stockholders as it shall deem appropriate. Except to the extent inconsistent with such rules and regulations as adopted by the Board of Directors, the person presiding over any meeting of stockholders shall have the right and authority to convene and to adjourn the meeting, to prescribe such rules, regulations and procedures and to do all such acts as, in the judgment of such presiding person, are appropriate for the proper conduct of the meeting. Such rules, regulations or procedures, whether adopted by the Board of Directors or prescribed by the presiding person of the meeting, may include, without limitation, the following: (a) the establishment of an agenda or order of business for the meeting; (b) the determination of when the polls shall open and close for any given matter to be voted on at the meeting, (c) rules and procedures for maintaining order at the meeting and the safety of those present; (d) limitations on attendance at or participation in the meeting to stockholders of record of the Corporation, their duly authorized and constituted proxies or such other persons as the presiding person of the meeting shall determine; (e) restrictions on entry to the meeting after the time fixed for the commencement thereof; and (f) limitations on the time allotted to questions or comments by participants. The presiding person at any meeting of

stockholders, in addition to making any other determinations that may be appropriate to the conduct of the meeting, shall, if the facts warrant, determine and declare to the meeting that a matter or business was not properly brought before the meeting and if such presiding person should so determine, such presiding person shall so declare to the meeting and any such matter or business not properly brought before the meeting shall not be transacted or considered. Unless and to the extent determined by the Board of Directors or the person presiding over the meeting, meetings of stockholders shall not be required to be held in accordance with the rules of parliamentary procedure.

ARTICLE II

BOARD OF DIRECTORS

Section 2.01 General Powers. The business and affairs of the Corporation shall be managed under the direction of the Board of Directors. The Board of Directors may exercise all such authority and powers of the Corporation and do all such lawful acts and things as are not by the General Corporation Law of the State of Delaware (the "DGCL") or the Charter directed or required to be exercised or done by the stockholders. All matters shall be determined by the vote of a majority of the directors present at a duly convened meeting of the Board of Directors, except as otherwise provided by these Bylaws or required by the Charter or the DGCL.

Section 2.02 Number, Election and Term of Office. The number of directors which shall constitute the Board of Directors shall be fixed from time to time by resolution adopted by the affirmative vote of a majority of the total number of directors then in office. The directors shall be elected by a plurality of the votes of the shares present in person or represented by proxy at the meeting and entitled to vote in the election of directors; provided that, whenever the holders of any class or series of capital stock of the Corporation are entitled to elect one or more directors pursuant to the provisions of the Charter (including, but not limited to, any duly authorized certificate of designation), such directors shall be elected by a plurality of the votes of such class or series present in person or represented by proxy at the meeting and entitled to vote in the election of such directors. Directors need not be stockholders to be qualified for election or service as a director of the Corporation.

Section 2.03 Resignations. Any director may resign at any time by submitting an electronic transmission or by delivering a written notice of resignation, signed by such director, to the Chairman or the Secretary. Unless otherwise specified therein, such resignation shall take effect at the time therein specified or, if no time is specified, immediately; and, unless otherwise specified in such notice, the acceptance of such resignation shall not be necessary to make it effective.

Section 2.04 Removal of Directors; Vacancies. Directors may be removed from office only for cause and, in addition to any vote required by law, the affirmative vote of the holders of at least a majority of the voting power of all then outstanding shares of capital stock of the Corporation entitled to vote generally in an election of directors, voting together as a single class, shall be required to effect such removal. Director vacancies may be filled as set forth in the Charter.

Section 2.05 Annual and Regular Meetings. The annual meeting of the Board of Directors for the purpose of electing officers and for the transaction of such other business as may come before the meeting shall be held as soon as possible following adjournment of the annual meeting of the stockholders at the place of such annual meeting of the stockholders. Notice of such annual meeting of the Board of Directors need not be given. The Board of Directors from time to time may by resolution provide for the holding of regular meetings and fix the place (which may be within or without the State of Delaware) and the date and hour of such meetings. Notice of regular meetings need not be given.

Section 2.06 Special Meetings. Special meetings of the Board of Directors shall be held whenever called by the Chairman of the Board of Directors, any two directors or the Chief Executive Officer of the Corporation, at such place (within or without the State of Delaware), date and hour as may be specified in the respective notices or waivers of notice of such meetings. Special meetings of the Board of Directors may be called on twenty-four (24) hours' notice, if notice is given to each director personally or by telephone, telegram or electronic transmission, or on five (5) days' notice, if notice is mailed to each director, addressed to him or her at his or her usual place of business. Neither the business to be transacted at, nor the purpose of, any special meeting of the Board of Directors need be specified in the notice or waiver of notice of such meeting. Notice of any special meeting need not be given to any director who attends such meeting without protesting the lack of notice to him or her, prior to or at the commencement of such meeting, or to any director who submits a signed waiver of notice, whether before or after such meeting, and any business may be transacted thereat.

Section 2.07 Quorum and Manner of Acting. A majority of the entire Board of Directors shall constitute a quorum for the transaction of business at any meeting of the Board of Directors and, except as otherwise expressly required by the DGCL or the Charter or these Bylaws, the act of a majority of the directors present at any meeting at which a quorum is present shall be the act of the Board of Directors. In the absence of a quorum at any meeting of the Board of Directors, a majority of the directors present thereat may adjourn such meeting to another time and place. Notice of the time and place of any such adjourned meeting shall be given to the directors unless such time and place were announced at the meeting at which the adjournment was taken, to the other directors. At any adjourned meeting at which a quorum is present, any business may be transacted that might have been transacted at the meeting as originally called. The directors shall act only as a Board of Directors and the individual directors shall have no power as such.

Section 2.08 Action Without a Meeting. Any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting if a written consent, setting forth the action so taken, is signed by all the members of the Board of Directors or the committee, as the case may be, and such written consent shall have the same force and effect as a unanimous vote at a meeting of the Board of Directors. A telegram, telex, cablegram or other electronic transmission by a director consenting to an action to be taken and transmitted by a director is considered written, signed and dated for the purposes of this article if the transmission sets forth or is delivered with information from which the Corporation can determine that the transmission was transmitted by the director and the date on which the director transmitted the transmission.

Section 2.09 Action by Telephonic Communications. Members of the Board of Directors may participate in a meeting of the Board of Directors by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear one another, and participation in a meeting pursuant to this provision shall constitute presence in person at such meeting.

Section 2.10 Compensation. The amount, if any, which each Director shall be entitled to receive as compensation for his or her services as such shall be fixed from time to time by resolution of the Board of Directors. The directors may be paid their expenses, if any, of attendance at each meeting of the Board of Directors and may be paid a fixed sum for attendance at each meeting of the Board of Directors or a stated salary for service as director, payable in cash or securities of the Company. No such payment shall preclude any director from serving the Corporation in any other capacity and receiving compensation therefor. Members of special or standing committees may be allowed like compensation for service as committee members.

Section 2.11 Interested Directors. No contract or transaction between the Corporation and one or more of its directors or officers, or between the Corporation and any other corporation, partnership, association or other organization in which one or more of its directors or officers are directors or officers or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the Board of Directors or committee thereof that authorizes the contract or transaction, or solely because any such director's or officer's vote is counted for such purpose if: (a) the material facts as to the director's or officer's relationship or interest and as to the contract or transaction are disclosed or are known to the Board of Directors or the committee, and the Board of Directors or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors be less than a quorum; (b) the material facts as to the director's or officer's relationship or interest and as to the contract or transaction are disclosed or are known to the stockholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the stockholders; or (c) the contract or transaction is fair as to the Corporation as of the time it is authorized, approved or ratified by the Board of Directors, a committee thereof or the stockholders. Common or interested directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors or of a committee that authorizes the contract or transaction.

ARTICLE III

COMMITTEES

Section 3.01 Committees of the Board of Directors. The Board of Directors may designate from among its members one or more committees, each of which shall be composed of one or more of its members, and may designate one or more of its members as alternate members of any committee, who may, subject to any limitations imposed by the Board of Directors, replace absent or disqualified members at any meeting of that committee. Any such committee, to the extent provided in the resolution of the Board of Directors designating the committee or in the Charter or these Bylaws, shall have and may exercise all of the authority of the Board of Directors, except where action of the Board of Directors is required by the DGCL or by the Charter. Any member of a committee of the Board of Directors may be removed, for or without cause, by the affirmative vote of a majority of the whole Board of Directors. If any vacancy or vacancies occur in a committee of the Board of Directors caused by death, resignation, retirement, disqualification, removal from office or otherwise, the vacancy or vacancies shall be

filled by the affirmative vote of a majority of the whole Board of Directors. Such committee or committees shall have such name or names as may be designated by the Board of Directors and shall keep regular minutes of their proceedings and report the same to the Board of Directors when required.

Section 3.02 Conduct of Meetings. Each committee may determine the procedural rules for meeting and conducting its business and shall act in accordance therewith, except as otherwise provided herein or required by the DGCL. Except as otherwise provided by these Bylaws, in the absence of such rules each committee shall conduct its business in the same manner as the Board of Directors conducts its business pursuant to Article II of these Bylaws. Adequate provision shall be made for notice to members of all meetings; one third (1/3) of the members shall constitute a quorum unless the committee shall consist of one (1) or two (2) members, in which event one (1) member shall constitute a quorum; and all matters shall be determined by a majority vote of the members present. Action may be taken by any committee without a meeting if all members thereof consent thereto in writing or by electronic transmission, and the writing or writings or transmission or transmissions are filed with the minutes of the proceedings of the committee. Such filing shall be in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form.

Section 3.03 Audit Committee. The Board of Directors shall have an Audit Committee composed of three or more directors, each of whom shall satisfy any securities exchange independence requirements then in effect and applicable to the Corporation. The responsibilities of the Audit Committee shall be stated in the Audit Committee's charter, as approved by the Board of Directors.

Section 3.04 Compensation Committee. The Board of Directors shall have a Compensation Committee composed of three or more directors, each of whom shall satisfy any securities exchange independence requirements then in effect and applicable to the Corporation. The responsibilities of the Compensation Committee shall be stated in the Compensation Committee's charter, as approved by the Board of Directors.

Section 3.05 Nominating and Corporate Governance Committee. The Board of Directors shall have a Nominating and Corporate Governance Committee composed of three or more directors, each of whom shall satisfy any securities exchange independence requirements then in effect and applicable to the Corporation. The responsibilities of the Nominating/ Corporate Governance Committee shall be stated in the Nominating and Corporate Governance Committee's charter, as approved by the Board of Directors.

ARTICLE IV

OFFICERS

Section 4.01 Number. The officers of the Corporation shall be chosen by the Board of Directors and shall initially be a Chief Executive Officer, a Secretary and a Treasurer. The Board of Directors also may elect a President, one or more Vice Presidents, Assistant Secretaries and Assistant Treasurers in such numbers as the Board of Directors may determine. Any number of offices may be held by the same person. No officer need be a director of the Corporation.

Section 4.02 Appointment of Officers. The Board shall appoint the officers of the Corporation, subject to the rights, if any, of an officer under any contract of employment. The Board of Directors may appoint, or empower the Chief Executive Officer to appoint, such other subordinate officers and agents as the business of the Corporation may require. Each of such officers and agents shall hold office for such period, have such authority, and perform such duties as are provided in these bylaws or as the Board of Directors may from time to time determine.

Section 4.03 Salaries. The salaries of all officers and agents of the Corporation shall be fixed by the Board of Directors.

Section 4.04 Removal and Resignation; Vacancies. Any officer may be removed for or without cause at any time by the Board of Directors. Any officer may resign at any time by delivering notice of resignation, either in writing signed by such officer or by electronic transmission, to the Board of Directors or the Chief Executive Officer. Unless otherwise specified therein, such resignation shall take effect upon delivery. Any vacancy occurring in any office of the Corporation by death, resignation, removal or otherwise, shall be filled by the Board of Directors in accordance with Section 4.02 hereof.

Section 4.05 Authority and Duties of Officers. All officers of the Corporation shall respectively have such authority and perform such duties in the management of the business of the Corporation as may be designated from time to time by the Board of Directors or the stockholders and, to the extent not so provided, as generally pertain to their respective offices, subject to the control of the Board of Directors.

Section 4.12 Representation of Shares of Other Corporations. The Chairman of the Board of Directors, the Chief Executive Officer, any Vice President, the Treasurer, the Secretary of this Corporation, or any other person authorized by the Board of Directors or the Chief Executive Officer, is authorized to vote, represent and exercise on behalf of this Corporation all rights incident to any and all shares of any other corporation or corporations standing in the name of this Corporation. The authority granted herein may be exercised either by such person directly or by any other person authorized to do so by proxy or power of attorney duly executed by such person having the authority.

ARTICLE V

CAPITAL STOCK

Section 5.01 Form of Certificates. The stock of the Corporation may be either certificated, uncertificated or a combination thereof. The Board of Directors may provide by resolution or resolutions that some or all of any or all classes or series of the Corporation's stock may be uncertificated shares. Any such resolution shall not apply to shares represented by a certificate until such certificate is surrendered to the Corporation (or the Corporation's transfer agent or registrar, as the case may be). Notwithstanding the adoption of such resolution by the Board of Directors, every holder of stock represented by certificates and, upon request to the Corporation or the Corporation's transfer agent or registrar, any holder of uncertificated shares, shall be entitled to have a certificate, in such form as shall be approved by the Board of Directors, certifying the number of shares of the Corporation owned by him, her or it. The certificates representing shares shall be signed in the name of the Corporation by the Chairman or Vice Chairman of the Board of Directors, or the President or a Vice President, and by the

Treasurer or an Assistant Treasurer, or the Secretary or an Assistant Secretary, and sealed with the seal of the Corporation (which seal may be a facsimile, engraved or printed); *provided, however*, that where any such certificate is countersigned by a transfer agent, or is registered by a registrar (other than the Corporation or one of its employees), the signatures of the Chairman, Vice Chairman, President, Vice President, Treasurer, Assistant Treasurer, Secretary or Assistant Secretary, as the case may be, upon such certificates may be facsimiles, engraved or printed. In case any officer who shall have signed any such certificate shall have ceased to be such officer before such certificate shall be issued, it may nevertheless be issued by the Corporation with the same effect as if such officer were still in office at the date of their issue. When the Corporation is authorized to issue shares of more than one class, there shall be set forth upon the face or back of the certificate (or the certificate shall have a statement that the Corporation will furnish to any stockholder upon request and without charge) a full statement of the designation, relative rights, preferences and limitations of the shares of each separate class, or of the different shares within each class, authorized to be issued and, if the Corporation is authorized to issue any class of preferred shares in series, the designation, relative rights, preferences and limitations of each such series so far as the same have been fixed and the authority of the Board of Directors to designate and fix the relative rights, preferences and limitations of other series.

Section 5.02 Lost, Destroyed or Mutilated Certificates. The holder of any certificate representing shares of the Corporation shall immediately notify the Corporation of any loss, destruction or mutilation of such certificate, and the Corporation may issue a new certificate (or uncertificated shares if the shares represented by such certificate have been designated as uncertificated shares in accordance with Section 5.01) in the place of any certificate theretofore issued by it which the owner thereof shall allege to have been lost or destroyed or which shall have been mutilated. The Board of Directors may, in its discretion, require such owner or his legal representatives to provide reasonable evidence of such loss, destruction or mutilation and to give to the Corporation a bond in such sum, limited or unlimited, and in such form and with such surety or sureties as the Board of Directors in its absolute discretion shall determine, to indemnify the Corporation and any transfer agent or registrar against any claim that may be made against it on account of the alleged loss or destruction of any such certificate, or the issuance of such new certificate (or uncertificated shares).

Section 5.03 Books of Account and Record of Stockholders. There shall be kept correct and complete books and records of account of all the business and transactions of the Corporation. There shall also be kept, at the office of the Corporation, or at the office of its transfer agent, a record containing the names and addresses of all stockholders of the Corporation, the number of shares held by each, and the dates when they became the holders of record thereof.

Section 5.04 Transfer of Stock. Except as otherwise established by rules and regulations adopted by the Board of Directors, and subject to applicable law, transfers of shares of the Corporation shall be made on the records of the Corporation: (a) in the case of shares represented by a certificate, by the surrender to the Corporation or its transfer agent of the certificate representing such shares properly endorsed or accompanied by a written assignment or power of attorney properly executed, and with such proof of authority or authenticity of signature as the Corporation or its transfer agent may reasonably require; and (b) in the case of uncertificated shares, upon the receipt of proper transfer instructions from the registered owner thereof and, in each case, after payment of all taxes thereon. The person in whose name shares

shall stand on the record of stockholders of the Corporation shall be deemed the owner thereof for all purposes as regards the Corporation. Whenever any transfer of shares shall be made for collateral security and not absolutely and written notice thereof shall be given to the Secretary or to a transfer agent, such fact shall be noted on the records of the Corporation.

Section 5.05 Record Date.

(a) The Board of Directors may fix, in advance, a date not more than sixty (60) nor less than ten (10) days before the date when fixed for the holding of any meeting of the stockholders or before the last day on which the consent or dissent of the stockholders may be effectively expressed for any purpose without a meeting, as the time as of which the stockholders entitled to notice of and to vote at such meeting or whose consent or dissent is required or may be expressed for any purpose, as the case may be, shall be determined, and all persons who were stockholders of record of voting shares at such time, and no others, shall be entitled to notice of and to vote at such meeting or to express their consent or dissent, as the case may be.

(b) The Board of Directors may fix, in advance, a date not more than sixty (60) nor less than ten (10) days preceding the date fixed for the payment of any dividend or the making of any distribution or the allotment of rights to subscribe for securities of the Corporation, or for the delivery of evidences of rights or evidences of interests arising out of any change, conversion or exchange of shares or other securities, as the record date for the determination of the stockholders entitled to receive any such dividend, distribution, allotment, rights or interests, and in such case only the stockholders of record at the time so fixed shall be entitled to receive such dividend, distribution, allotment, rights or interests. If no such record date is fixed, the record date for determining stockholders for any such purpose shall be at the close of business on the day on which the Board of Directors adopts the applicable resolution.

(c) Unless otherwise prohibited by the Charter, in order that the Corporation may determine the stockholders entitled to consent to corporate action in writing without a meeting, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which record date shall not be more than ten (10) days after the date upon which the resolution fixing the record date is adopted by the Board of Directors. If no record date has been fixed by the Board of Directors, the record date for determining stockholders entitled to consent to corporate action in writing without a meeting, when no prior action by the Board of Directors is required by applicable law, shall be the first date on which a signed written consent setting forth the action taken or proposed to be taken is delivered to the Corporation by delivery to its registered office in the State of Delaware, its principal place of business, or an officer or agent of the Corporation having custody of the book in which proceedings of meetings of the stockholders are recorded. Delivery made to the Corporation's registered office shall be by hand or by certified or registered mail, return receipt requested. If no record date has been fixed by the Board of Directors and prior action by the Board of Directors is required by applicable law, the record date for determining stockholders entitled to consent to corporate action in writing without a meeting shall be at the close of business on the day on which the Board of Directors adopts the resolution taking such prior action.

Section 5.06 Transfer Agent and Registrar. The Board of Directors may appoint one or more transfer agents and one or more registrars, and may require all certificates representing shares to bear the signature of any such transfer agents or registrars.

Section 5.07 Regulations. The Board of Directors may make such additional rules and regulations, not inconsistent with these Bylaws, as it may deem expedient concerning the issue, transfer and registration of certificates for shares of the Corporation.

ARTICLE VI

INDEMNIFICATION

Section 6.01 Indemnification of Directors and Officers. In the event a person (a "Covered Person") was, is or becomes a party to or witness or other participant in, or is threatened to be made a party to or witness or other participant in any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that such person is or was a director or officer of the Corporation, or is or was a director or officer of the Corporation serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, enterprise or nonprofit entity, including service with respect to employee benefit plans, the Corporation shall indemnify such person to the fullest extent permitted by law against any and all expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such Covered Person in connection with such action, suit or proceeding. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the Covered Person did not act in good faith and in a manner which such Covered Person reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that such person's conduct was unlawful. Notwithstanding the preceding sentence, except as otherwise provided in Section 6.02, the Corporation shall be required to indemnify a Covered Person in connection with a proceeding (or part thereof) commenced by such Covered Person only if the commencement of such proceeding (or part thereof) by the Covered Person was authorized in the specific case by the Board of Directors.

Section 6.02 Procedure for Indemnification of Directors. Any indemnification of a Covered Person of the Corporation under Section 6.01 or advancement of expenses under Section 6.03 shall be made promptly, and in any event within thirty (30) days, upon the written request of the Covered Person. If a determination by the Corporation that the Covered Person is entitled to indemnification or advancement pursuant to this Article VI is required, and the Corporation fails to respond within sixty (60) days to a written request for indemnity or advancement, the Corporation shall be deemed to have approved the request. If the Corporation denies a written request for indemnification or advancing of expenses, in whole or in part, or if payment in full pursuant to such request is not made within thirty (30) days, the right to indemnification or advances as granted by this Article VI shall be enforceable by the Covered Person in any court of competent jurisdiction. Such Covered Person's costs and expenses incurred in connection with successfully establishing his or her right to indemnification or advancement of expenses, in whole or in part, in any such action shall also be indemnified by the Corporation. It shall be a defense to any such action (other than an action brought to enforce a claim for expenses incurred in defending any proceeding in advance of its final disposition where the required undertaking, if any, has been tendered to the Corporation) that the claimant has not met the standards of conduct which make it permissible under the DGCL for the Corporation to indemnify the claimant for the amount claimed, but the burden of such defense shall be on the

Corporation. Neither the failure of the Corporation (including the Board of Directors, independent legal counsel or its stockholders) to have made a determination prior to the commencement of such action that indemnification of the claimant is proper in the circumstances because he or she has met the applicable standard of conduct set forth in the DGCL, nor an actual determination by the Corporation (including the Board of Directors, independent legal counsel, or its stockholders) that the claimant has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that the claimant has not met the applicable standard of conduct.

Section 6.03 Expenses Payable in Advance. Expenses (including attorneys' fees) incurred by a Covered Person in defending any civil, criminal, administrative or investigative action, suit or proceeding shall, to the extent permitted by law, be paid by the Corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of such Covered Person to repay such amount if it shall ultimately be determined that such person is not entitled to be indemnified by the Corporation as authorized in this Article VI. Such expenses (including attorneys' fees) incurred by Covered Persons who are former directors or officers may be so paid upon such terms and conditions, if any, as the Corporation deems appropriate.

Section 6.04 Nonexclusivity of Indemnification and Advancement of Expenses. The indemnification and advancement of expenses provided by, or granted pursuant to, this Article VI shall not be deemed exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled under the Charter, these Bylaws, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in such Covered Person's official capacity and as to action in another capacity while holding such office, it being the policy of the Corporation that indemnification of Covered Persons shall be made to the fullest extent permitted by law. The provisions of this Article VI shall not be deemed to preclude the indemnification of any person who is not specified in Section 6.01 but whom the Corporation has the power or obligation to indemnify under the provisions of the DGCL, or otherwise.

Section 6.05 Insurance. The Corporation may purchase or maintain insurance on behalf of any Covered Person against any liability asserted against him or her and incurred by him or her in such a capacity or arising out of his or her status as a Covered Person, whether or not the Corporation would have the power to indemnify him or her against the liability under the DGCL or these Bylaws; *provided, however*, that if the insurance or other arrangement is with a person or entity that is not regularly engaged in the business of providing insurance coverage, the insurance or arrangement may provide for payment of a liability with respect to which the Corporation would not have the power to indemnify the person only if including coverage for the additional liability has been approved by the stockholders of the Corporation. Without limiting the power of the Corporation to procure or maintain any kind of insurance or arrangement, the Corporation may, for the benefit of persons indemnified by the Corporation, (a) create a trust fund, (b) establish any form of self-insurance, (c) secure its indemnification obligation by grant of any security interest or other lien on the assets of the Corporation or (d) establish a letter of credit, guaranty or surety arrangement. Any such insurance or other arrangement may be procured, maintained or established within the Corporation or its affiliates or with any insurer or other person deemed appropriate by the Board of Directors regardless of whether all or part of the stock or other securities thereof are owned in whole or in part by the Corporation. In the

absence of fraud, the judgment of the Board of Directors as to the terms and conditions of such insurance or other arrangement and the identity of the insurer or other person participating in an arrangement shall be conclusive, and the insurance or arrangement shall not be voidable and shall not subject the directors approving the insurance or arrangement to liability, on any ground, regardless of whether directors participating in approving such insurance or other arrangement shall be beneficiaries thereof.

Section 6.06 Certain Definitions. For purposes of this Article VI, references to “the Corporation” shall include, in addition to the resulting corporation, any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger which, if its separate existence had continued, would have had power and authority to indemnify its directors and officers, so that any person who is or was a director or officer of such constituent corporation, or is or was a director or officer of such constituent corporation serving at the request of such constituent corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, shall stand in the same position under the provisions of this Article VI with respect to the resulting or surviving corporation as such person would have with respect to such constituent corporation if its separate existence had continued. For purposes of this Article VI, references to “fines” shall include any excise taxes assessed on a person with respect to an employee benefit plan; and references to “serving at the request of the Corporation” shall include any service as a director, officer, employee or agent of the Corporation which imposes duties on, or involves services by, such director or officer with respect to an employee benefit plan, its participants or beneficiaries; and a person who acted in good faith and in a manner such person reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner “not opposed to the best interests of the Corporation” as referred to in this Article VI.

Section 6.07 Survival of Indemnification and Advancement of Expenses. The indemnification and advancement of expenses provided by, or granted pursuant to, this Article VI shall, unless otherwise provided when authorized or ratified, continue as to a person who has ceased to be a director or officer and shall inure to the benefit of the heirs, executors and administrators of such a person.

Section 6.08 Other Indemnification and Advancement of Expenses. The Corporation may, to the extent authorized from time to time by the Board of Directors, provide rights to indemnification and to the advancement of expenses to employees and agents of the Corporation similar to those conferred in this Article VI to Covered Persons. This Article VI shall not limit the right of the Corporation, to the extent and in the manner permitted by law, to indemnify and advance expenses to persons other than Covered Persons and employees and agents of the Corporation when and as authorized by appropriate corporate action.

Section 6.09 Amendment or Repeal. Any right to indemnification or to advancement of expenses of any Covered Person arising hereunder shall not be eliminated or impaired by an amendment to or repeal of these Bylaws after the occurrence of the act or omission that is the subject of the civil, criminal, administrative or investigative, action, suit or proceeding for which indemnification or advancement of expenses is sought.

Section 6.10 Contract Rights. The provisions of this Article VI shall be deemed to be a contract right between the Corporation and each Covered Person who serves in any such capacity at any time while this Article VI and the relevant provisions of the DGCL or other applicable law

are in effect, and any repeal or modification of this Article VI or any such law shall not affect any rights or obligations then existing with respect to any state of facts or proceeding then existing.

Section 6.11 Other Sources. The Corporation's obligation, if any, to indemnify or advance expenses to any Covered Person, or any officer, employee or agent of the Corporation pursuant to Section 6.08 who was or is serving at its request as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, enterprise or nonprofit entity shall be reduced by any such amount such Covered Person or such officer, employee or agent of the Corporation may collect as indemnification or advancement of expenses from such other corporation, partnership, joint venture, trust, enterprise or nonprofit enterprise.

ARTICLE VII

OFFICES

Section 7.01 Registered Office. The registered office of the Corporation in the State of Delaware shall be located at the Corporation Trust Company, 1209 Orange Street, Wilmington, New Castle County, Delaware 19801.

Section 7.02 Other Offices. The Corporation may maintain offices or places of business at such other locations within or without the State of Delaware as the Board of Directors may from time to time determine or as the business of the Corporation may require.

ARTICLE VIII

NOTICES

Section 8.01 Notices. Whenever written notice is required by the DGCL, the Charter or these Bylaws, to be given to any director, member of a committee or stockholder, such notice may be given by mail, addressed to such director, member of a committee or stockholder, at such person's address as it appears on the records of the Corporation, with postage thereon prepaid, and such notice shall be deemed to be given at the time when the same shall be deposited in the United States mail. Without limiting the manner by which notice otherwise may be given effectively to stockholders, and except as prohibited by applicable law, any notice to stockholders given by the Corporation under any provision of applicable law, the Charter or these Bylaws shall be effective if given by a single written notice to stockholders who share an address if consented to by the stockholders at that address to whom such notice is given. Any such consent shall be revocable by the stockholder by written notice to the Corporation. Any stockholder who fails to object in writing to the Corporation, within sixty (60) days of having been given written notice by the Corporation of its intention to send the single notice permitted under this Section 8.01, shall be deemed to have consented to receiving such single written notice. Subject to the requirements of applicable law, written notice may also be given personally or by e-mail, facsimile, telegram or other means of electronic transmission.

Section 8.02 Waivers of Notice. Whenever any notice is required by applicable law, the Charter or these Bylaws, to be given to any director, member of a committee or stockholder, a waiver thereof in writing, signed by the person or persons entitled to notice, or a waiver by

electronic transmission by the person or persons entitled to notice, whether before or after the time stated therein, shall be deemed equivalent thereto. Attendance of a person at a meeting, present in person or represented by proxy, shall constitute a waiver of notice of such meeting, except where the person attends the meeting for the express purpose of objecting at the beginning of the meeting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any annual or special meeting of stockholders or any regular or special meeting of the directors or members of a committee of directors need be specified in any written waiver of notice unless so required by the DGCL, the Charter or these Bylaws.

ARTICLE IX

GENERAL PROVISIONS

Section 9.01 Dividends. Subject to the DGCL and the Charter, dividends upon the shares of the Corporation may be declared by the Board of Directors at any regular or special meeting. Dividends may be paid in cash, in property or in shares of the Corporation's capital stock, unless otherwise provided by the DGCL or the Charter.

Section 9.02 Reserves. There may be set aside out of any funds of the Corporation available for dividends such sum or sums as the Board of Directors from time to time, in its absolute discretion, thinks proper as a reserve or reserves to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the Corporation or for such other purpose as the Board of Directors shall think conducive to the interest of the Corporation, and the Board of Directors may similarly modify or abolish any such reserve.

Section 9.03 Execution of Instruments. The Chief Executive Officer, any Vice President, the Secretary or the Treasurer may enter into any contract or execute and deliver any instrument in the name and on behalf of the Corporation. The Board of Directors may authorize any other officer or agent to enter into any contract or execute and deliver any instrument in the name and on behalf of the Corporation. Any such authorization must be in writing or by electronic transmission and may be general or limited to specific contracts or instruments.

Section 9.04 Corporate Indebtedness. No loan shall be contracted on behalf of the Corporation, and no evidence of indebtedness shall be issued in its name, unless authorized by the Board of Directors or such officers as may be authorized by the Board of Directors. Such authorization may be general or confined to specific instances. Loans so authorized may be effected at any time for the Corporation from any bank, trust company or other institution, or from any firm, corporation or individual. All bonds, debentures, notes and other obligations or evidences of indebtedness of the Corporation issued for such loans shall be made, executed and delivered as the Board of Directors or the Chief Executive Officer shall authorize. When so authorized by the Board of Directors or the Chief Executive Officer, any part of or all the properties, including contract rights, assets, business or good will of the Corporation, whether then owned or thereafter acquired, may be mortgaged, pledged, hypothecated or conveyed or assigned in trust as security for the payment of such bonds, debentures, notes and other obligations or evidences of indebtedness of the Corporation, and of the interest thereon, by instruments executed and delivered in the name of the Corporation.

Section 9.05 Deposits. Any funds of the Corporation may be deposited from time to time in such banks, trust companies or other depositories as may be determined by the Board of Directors or the Chief Executive Officer, or by such officers or agents as may be authorized by the Board of Directors or the Chief Executive Officer to make such determination.

Section 9.06 Checks. All checks or demands for money and notes of the Corporation shall be signed by such officer or officers or such agent or agents of the Corporation, and in such manner, as the Board of Directors or the Chief Executive Officer from time to time may determine.

Section 9.07 Sale, Transfer, etc. of Securities. To the extent authorized by the Board of Directors or by the Chief Executive Officer, any Vice President, the Secretary or the Treasurer or any other officers designated by the Board of Directors or the Chief Executive Officer may sell, transfer, endorse, and assign any shares of stock, bonds or other securities owned by or held in the name of the Corporation, and may make, execute and deliver in the name of the Corporation, under its corporate seal, any instruments that may be appropriate to effect any such sale, transfer, endorsement or assignment.

Section 9.08 Voting as Stockholder. Unless otherwise determined by resolution of the Board of Directors, the Chairman, the Chief Executive Officer or any Vice President shall have full power and authority on behalf of the Corporation to attend any meeting of stockholders of any corporation in which the Corporation may hold stock, and to act, vote (or execute proxies to vote) and exercise in person or by proxy all other rights, powers and privileges incident to the ownership of such stock. Such officers acting on behalf of the Corporation shall have full power and authority to execute any instrument expressing consent to or dissent from any action of any such corporation without a meeting. The Board of Directors may by resolution from time to time confer such power and authority upon any other person or persons.

Section 9.09 Fiscal Year. The fiscal year of the Corporation shall be fixed, and once fixed, may thereafter be changed, by resolution of the Board of Directors.

Section 9.10 Seal. The seal of the Corporation shall be circular in form and shall contain the name of the Corporation, the year of its incorporation and the words "Corporate Seal" and "Delaware". The form of such seal shall be subject to alteration by the Board of Directors. The seal may be used by causing it or a facsimile thereof to be impressed, affixed or reproduced, or may be used in any other lawful manner.

Section 9.11 Books and Records; Inspection. Except to the extent otherwise required by law, the books and records of the Corporation shall be kept at such place or places within or without the State of Delaware as may be determined from time to time by the Board of Directors.

ARTICLE X

FORCE AND EFFECT OF BYLAWS

These Bylaws are subject to the provisions of the DGCL and the Charter. If any provision in these Bylaws is inconsistent with a provision in the DGCL or the Charter, the provision of the DGCL or the Charter shall govern.

ARTICLE XI

AMENDMENTS

These Bylaws may be amended, altered or repealed and new Bylaws adopted by resolution of the Board of Directors. The affirmative vote of at least a majority of the entire Board of Directors shall be required to adopt, amend or repeal the Bylaws. The fact that the power to adopt, amend, alter or repeal these Bylaws has been conferred upon the Board of Directors shall not divest the stockholders of the same powers. Notwithstanding any other provision of the Charter or these Bylaws, and notwithstanding the fact that a lesser percentage or separate class vote may be specified by law, the Charter, these Bylaws or otherwise, but in addition to any affirmative vote of the holders of any particular class or series of the capital stock required by law, the Charter, these Bylaws or otherwise, the affirmative vote of the holders of at least a majority of the voting power of all outstanding shares of the Corporation entitled to vote generally in the election of directors, voting together as a single class, shall be required to adopt, amend or repeal these Bylaws.

* * *

Adopted: January 30, 2014

FORM OF
CERTIFICATE OF AMENDMENT
OF CERTIFICATE OF INCORPORATION
OF
INSTALLED BUILDING PRODUCTS, INC.

INSTALLED BUILDING PRODUCTS, INC. a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware,
DOES HEREBY CERTIFY:

FIRST: That the Board of Directors of said corporation, by the unanimous written consent of its members, filed with the minutes of the Board, adopted a resolution proposing and declaring advisable the following amendment to the Certificate of Incorporation of said corporation:

RESOLVED, that Section 1 of ARTICLE FOURTH of the Certificate of Incorporation of INSTALLED BUILDING PRODUCTS, INC., shall be amended and restated to read in its entirety as follows:

“Section 1. The aggregate number of shares of capital stock that the Corporation is authorized to issue is (1) 100,000,000, \$0.01 par value per share (the “**Common Stock**”); and (2) 5,001,000 shares of Preferred Stock, \$0.01 par value per share (the “**Preferred Stock**”). The shares of Common Stock and the shares of Series A Preferred Stock are referred to herein as the “Stock.””

RESOLVED, that the following new Section 6 shall be added to ARTICLE FOURTH of the Certificate of Incorporation of INSTALLED BUILDING PRODUCTS, INC., to read in its entirety as follows:

“Section 6. Preferred Stock.

Authority is hereby vested in the Board of Directors of the Corporation to provide for the issuance of Preferred Stock in one or more series and in connection therewith to fix by resolution providing for the issue of any such series, the number of shares to be included and such of the preferences and relative participating, optional or other special rights and limitations of such series, including, without limitation, rights of redemption or conversion into Common Stock, to the fullest extent now or hereafter permitted by the DGCL. The authority of the Board of Directors with respect to each series of Preferred Stock shall include, but not be limited to, determination of the following:

- (i) the designation of the series, which may be by distinguishing number, letter or title;
- (ii) the number of shares of the series, which number the Board of Directors may thereafter increase or decrease (but not below the number of shares thereof then outstanding);
- (iii) whether dividends, if any, shall be cumulative or noncumulative and the dividend rate of the series;
- (iv) dates at which dividends, if any, shall be payable;
- (v) the redemption rights and price or prices, if any, for shares of the series;
- (vi) the terms and amount of any sinking fund provided for the purchase or redemption of shares of the series;
- (vii) the amounts payable on, and the preferences, if any, of shares of the series in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation; whether the shares of the series shall be

convertible into shares of any other class or series, or any other security, of the Corporation or any other entity, and, if so, the specification of such other class or series of such other security, the conversion price or prices or rate or rates, any adjustments thereof, the date or dates at which such shares shall be convertible and all other terms and conditions upon which such conversion may be made;

- (viii) restrictions on the issuance of shares of the same series or of any other class or series;
- (ix) the voting rights, if any, of the holders of shares of the series; and
- (x) such other powers, privileges, preferences and rights, and qualifications, limitations and restrictions thereof, as the Board of Directors shall determine.”

SECOND: That upon filing of this Certificate of Amendment with the Secretary of State of the State of Delaware (the “**Effective Time**”), each then-outstanding share of Common Stock (“**Old Common Stock**”) shall be automatically converted into 19.5 validly issued, fully paid and non-assessable shares of Common Stock without any further action by the Corporation or the holder of such shares of Old Common Stock (the “**Common Stock Split**”). Each stock certificate representing shares of Old Common Stock shall thereafter represent a number of shares of Common Stock equal to the same number of shares of Old Common Stock previously represented by such stock certificate, multiplied by 19.5 and rounded down to the nearest whole number; provided, however, that each person holding of record a stock certificate or certificates that represented shares of Old Common Stock shall receive, upon surrender of such certificate or certificates, a new certificate or certificates evidencing and representing the number of whole shares of Common Stock to which such person is entitled as a result of the Common Stock Split based on the aggregate number of shares of Old Common Stock held by such person. No fractional interest in a share of Common Stock shall be deliverable upon the Common Stock Split. Stockholders who otherwise would have been entitled to receive any fractional interest in a share of Common Stock, in lieu of receipt of such fractional interest, shall be entitled to receive from the Corporation an amount in cash equal to the fair value of such fractional interest as of the Effective Time. All share numbers, dollar amounts and other provisions set forth herein give effect to the Common Stock Split.

THIRD: That in lieu of a meeting and vote of stockholders, the stockholders have given written consent to said amendment in accordance with the provisions of Section 228 of the General Corporation Law of the State of Delaware.

FOURTH: That the aforesaid amendment was duly adopted in accordance with the applicable provisions of Sections 242 and 228 of the General Corporation Law of the State of Delaware.

IN WITNESS WHEREOF, said INSTALLED BUILDING PRODUCTS, INC. has caused this certificate to be duly executed this day of February, 2014.

INSTALLED BUILDING PRODUCTS, INC.

By: _____

Name: Jeffrey W. Edwards

Title: President and CEO

AMENDMENT NO. 1TORECAPITALIZATION AND EXCHANGE AGREEMENT

Amendment No. 1, dated as of the day of , 2014 (the "Amendment"), by and between Installed Building Products, Inc., f/k/a CCIB Holdco, Inc., a Delaware corporation ("IBP"), and Cetus Capital II, LLC, a Delaware limited liability company ("Cetus"), to the Recapitalization and Exchange Agreement, dated as of November 4, 2011, by and between IBP and Cetus (the "Original Agreement") and together with the Amendment, the "Agreement").

RECITALS

WHEREAS, in connection with the anticipated initial public offering of shares of Common Stock of IBP, IBP and Cetus wish to modify the terms of Section 8.1 of the Original Agreement for the benefit of the other stockholders of IBP.

NOW, THEREFORE, in consideration of the mutual covenants and premises contained herein, the parties hereby agree as follows:

1. Defined Terms. All capitalized terms not otherwise defined herein shall have the meaning given to them in the Original Agreement.
2. Amendment to Original Agreement. The Original Agreement is hereby amended by deleting Section 8.1 and replacing in its entirety with the following:

"Section 8.1 Call Right. At any time after the date hereof, IBP Investment Holdings, LLC, a Delaware limited liability company ("Investment Holdings"), TCI Holdings, LLC, f/k/a GNV Holdings, LLC, a Georgia corporation ("TCI"), and IBP Management Holdings, LLC, a Delaware limited liability company ("Management Holdings"), may at their individual election prior to December 31, 2014, purchase up to 36,080, 6,820 and 1,100 shares of Common Stock (as such numbers may be adjusted for stock splits, reverse splits or stock dividends from and after the date hereof) from Cetus, respectively, at a purchase price of \$0.01 per share (the "Call Right") pursuant to the terms of an Agreement for Purchase and Sale substantially in the form of Exhibit B hereto (the "Purchase Agreement"). Each of Investment Holdings, TCI and Management Holdings is sometimes referred to herein as an "Option Holder". If an Option Holder elects to exercise its Call Right, it shall send a written notice to such effect, specifying the number of shares of Common Stock to be purchased (the "Option Shares"), to Cetus not less than two (2) days prior to the date on which such purchase and sale shall occur. At the closing of such purchase and sale at the place designated in such written notice, (i) such Option Holder shall deliver (a) the aggregate applicable purchase price to Cetus and (b) an executed counterpart of the Purchase Agreement and (ii) Cetus shall deliver to such Option Holder (a) a certificate or certificates representing the Option Shares, which shall be duly endorsed (or accompanied by an

irrevocable stock power or other instrument of assignment and transfer, duly executed) and otherwise in proper form for transfer (b) Cetus's written representation and warranty to such Option Holder to the effect that Cetus owns such Option Shares free and clear of any and all liens, claims, charges or encumbrances of any nature, other than restrictions imposed by applicable federal or state securities laws and (c) an executed counterpart of the Purchase Agreement. Each of the Option Holders is an intended third- party beneficiary of the terms of this Section 8.1. Any exercise of the Call Right in accordance with this Agreement and the Purchase Agreement shall be subject to rescission pursuant to Section 3 of the Purchase Agreement."

3. Governing Law. This Amendment shall be governed by and construed in accordance with the laws of the State of Delaware exclusive of the conflict of law principles thereof.

4. Ratification. Except as provided specifically herein, the Original Agreement is ratified, confirmed and approved in all respects. If there is any conflict between the terms of the Original Agreement and this Amendment, the terms of this Amendment shall control.

5. Entire Agreement. This Agreement contains the entire understanding among the parties hereto with respect to the subject matter hereof and supersedes any prior understandings and agreements among them respecting the subject matter of this Amendment.

6. Counterparts. This Amendment may be executed in any number of counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument. Any signature page delivered by facsimile or electronic image transmission (including in the form of a PDF file) shall be binding to the same extent as an original signature page.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have duly executed this Amendment as of the date first set forth above

Installed Building Products, Inc.

By: _____
Name: _____
Title: _____

Cetus Capital II, LLC

By: _____
Name: _____
Title: _____

February 3, 2014

Installed Building Products, Inc.
495 South High Street, Suite 50
Columbus, Ohio 43215

Ladies and Gentlemen:

We are acting as counsel to Installed Building Products, Inc., a Delaware corporation (the "Company"), in connection with the preparation and filing with the Securities and Exchange Commission (the "Commission") under the Securities Act of 1933, as amended (the "Securities Act") of a registration statement (the "Registration Statement") on Form S-1 relating to the sale by the Company of up to 8,100,000 shares (including 1,350,000 shares being offered pursuant to the exercise of the underwriters' over-allotment option) (the "Company Shares"), and the selling stockholders named in the Registration Statement (the "Selling Stockholders") of up to 2,250,000 shares (the "Selling Stockholder Shares") of the Company's common stock, par value \$0.01 per share.

As such counsel, we have participated in the preparation of the Registration Statement and have examined originals or copies of such documents, corporate records and other instruments as we have deemed relevant, including, without limitation: (i) the Amended and Restated Certificate of Incorporation of the Company in the form filed as Exhibit 3.2 to the Company's Registration Statement on Form S-1/A as filed with the Commission on February 3, 2014 (File No. 333-193247); (ii) the Amended and Restated Bylaws of the Company in the form filed as Exhibit 3.4 to the Company's Registration Statement on Form S-1/A as filed with the Commission on January 27, 2014 (File No. 333-193247); (iii) certain of the resolutions of the Board of Directors of the Company; and (iv) the Registration Statement, together with the exhibits filed as a part thereof and including any documents incorporated by reference therein.

We have made such examination of law as we have deemed necessary to express the opinion contained herein. As to matters of fact relevant to this opinion, we have relied upon, and assumed without independent verification, the accuracy of certificates of public officials and officers of the Company. We have assumed the genuineness of all signatures, the legal capacity of natural persons, the authenticity of documents submitted to us as originals, the conformity to the original documents of all documents submitted to us as certified, facsimile or photostatic copies, and the authenticity of the originals of such copies.

Based upon the foregoing, and subject to the limitations, qualifications, exceptions and assumptions expressed herein, we are of the opinion, assuming no change in the applicable law or pertinent facts, that (i) the Company Shares have been duly authorized by the Company and, when issued pursuant to, and as described in, the Registration Statement and the related prospectus (as amended and supplemented through the date of issuance), will be legally issued, fully paid and non-assessable, and (ii) the Selling Stockholder Shares have been duly authorized by the Company and are legally issued, fully paid and non-assessable.

Boca Raton | Boston | Chicago | Hong Kong | London | Los Angeles | New Orleans | New York | Newark | Paris | São Paulo | Washington, D.C.

This opinion is limited in all respects to the General Corporation Law of the State of Delaware, and we express no opinion as to the laws, statutes, rules or regulations of any other jurisdiction. The reference and limitation to the "General Corporation Law of the State of Delaware" includes all applicable Delaware statutory provisions of law and reported judicial decisions interpreting these laws.

We hereby consent to the filing of this opinion letter as Exhibit 5.1 to the Registration Statement and to the reference to our firm under the caption "Legal Matters" in the prospectus contained in the Registration Statement, and we further consent to the incorporation of this opinion by reference in any registration statement filed pursuant to Rule 462(b) in connection with the offering covered by the Registration Statement. In giving the foregoing consent, we do not admit that we are in the category of persons whose consent is required under Section 7 of the Securities Act or the rules and regulations of the Commission promulgated thereunder.

Very truly yours,

/s/ Proskauer Rose

AMENDMENT NO. 6 TO LOAN AND SECURITY AGREEMENT

THIS AMENDMENT NO. 6 TO LOAN AND SECURITY AGREEMENT is dated as of January 27, 2014 (this "Amendment"), among **INSTALLED BUILDING PRODUCTS, LLC**, a Delaware limited liability company ("IBP, LLC"), **INSTALLED BUILDING PRODUCTS II, LLC**, a Delaware limited liability company ("IBP II, LLC" and together with IBP, LLC, collectively, the "Companies" and each, individually, the "Company"), **EACH BORROWING SUBSIDIARY PARTY HERETO** (collectively with the Companies, the "Borrowers"), **INSTALLED BUILDING PRODUCTS, INC.**, a Delaware corporation ("Parent"), and **EACH GUARANTYING SUBSIDIARY PARTY HERETO** (together with Parent, the "Guarantors"), the Lenders party hereto, and **BANK OF AMERICA, N.A.**, a national banking association, as agent for the Lenders ("Agent").

RECITALS:

A. The Borrowers, the Guarantors, the lenders from time to time party thereto (collectively, "Lenders") and Agent have entered into a Loan and Security Agreement dated as of November 4, 2011 (as heretofore modified, supplemented or amended, the "Loan Agreement"). Capitalized terms used and not otherwise defined herein shall have the meanings ascribed to them in the Loan Agreement.

B. The Borrowers have requested that Agent and Lenders amend certain provisions of the Loan Agreement.

C. Subject to the terms and conditions set forth below, Agent and Lenders party hereto are willing to so amend the Loan Agreement.

In furtherance of the foregoing, the parties agree as follows:

Section 1. AMENDMENTS. Subject to the covenants, terms and conditions set forth herein and in reliance upon the representations and warranties set forth herein, the Loan Agreement is amended as follows:

(a) **Section 1.1** is hereby amended by deleting the definition of "Change of Control" set forth therein in its entirety and inserting the following in lieu thereof:

"Change of Control: (a) Prior to an IPO, (i) the Control Group ceases to own and control, beneficially and of record, directly or indirectly, a majority of the Equity Interests of the Parent; or (ii) the Sponsor ceases to own and control, beneficially and of record, directly or indirectly more than 21.5% of the Equity Interests of the Parent consisting of common stock and 90% of the Sponsor Preferred Stock; provided that if in connection with, one or more mergers or Acquisitions permitted hereunder, the Parent issues additional Equity Interests, that dilutes the Equity Interests of all holders pro rata, such resulting dilutive effect shall not be deemed to violate this clause (ii) so long as the Sponsor shall own and control, beneficially and of record, directly or indirectly, more than 15% of the Equity Interests of the Parent consisting of common stock and a majority of the Sponsor Preferred Stock, (b) a change in the majority of directors of the Parent, unless approved by the then majority of directors; (c) all or substantially all of a Borrower's assets are sold or transferred, other than sale or transfer to another Borrower, or (d) the Parent ceases to own and control beneficially and of record, directly or indirectly, all of the Equity Interests in its Subsidiaries (except Suburban)."

- (b) **Section 1.1** is hereby further amended by inserting therein, in its proper alphabetical order, a definition of “IPO” as follows:
- “IPO: the issuance by Parent of its common stock in an underwritten primary public offering pursuant to an effective registration statement (other than Form S-8) filed with the Securities and Exchange Commission in accordance with the Securities Act of 1933.”
- (c) The existing **Section 9.1.4** is deleted in its entirety and the following is inserted in lieu thereof:
- “9.1.4 **Capital Structure. Schedule 9.1.4** shows (i) for each Obligor and Subsidiary, its name and its jurisdiction of organization, (ii) for each Obligor and Subsidiary (other than Parent), its authorized and issued Equity Interests, the holders of its Equity Interests, and all agreements binding on such holders with respect to their Equity Interests and (iii) for Parent, the Equity Interests held by the Sponsor and the other Control Group members as of the date of, and after giving effect to, the consummation of the IPO. Except as disclosed on **Schedule 9.1.4**, in the five years preceding the Closing Date, no Obligor or Subsidiary has acquired any substantial assets from any other Person nor been the surviving entity in a merger or combination. Each Obligor has good title to its Equity Interests in its Subsidiaries, subject only to Agent’s Lien, and all such Equity Interests in such Subsidiaries are duly issued, fully paid and non-assessable. There are no outstanding purchase options, warrants, subscription rights, agreements to issue or sell, convertible interests, phantom rights or powers of attorney relating to Equity Interests of any Obligor or Subsidiary (other than with respect to Parent in connection with or after the consummation of the IPO).”
- (d) **Section 10.1.2** is hereby amended by deleting clause (iii) of **Section 10.1.2(f)** in its entirety and inserting the following in lieu thereof:
- “(iii) a list of the Equity Interests of the Parent held by members of the Control Group, as of the date of such request, all in form satisfactory to Agent.”
- (e) The existing **Section 10.2.4(a)** is deleted in its entirety and the following is inserted in lieu thereof:
- “(a) Declare or make any Distributions, except (i) Upstream Payments, (ii) payments permitted under the Sponsor Subordination Agreement to the extent constituting Distributions, (iii) as required under the Suburban Shareholder Agreement, (iv) Distributions permitted by **Section 10.2.17(h)**, and (v) so long as no Default or Event of Default has occurred and is continuing or would arise as a result thereof after giving effect to any repurchase or redemption, the Loan Parties may repurchase or redeem the Sponsor Preferred Stock solely from the net proceeds received upon consummation of an IPO (and substantially contemporaneously therewith);”
- (f) The existing **Section 10.2.11** is deleted in its entirety and the following is inserted in lieu thereof:
- “10.2.11. **Organic Documents.** Amend, modify or otherwise change any of its Organic Documents as in effect on the Closing Date in a manner adverse to the interests of the Lenders.”

(g) The existing **Section 10.2.17** is deleted in its entirety and the following is inserted in lieu thereof:

“10.2.17. **Affiliate Transactions.** Enter into or be party to any transaction with an Affiliate, except (a) transactions contemplated by the Loan Documents; (b) payment of reasonable compensation to officers and employees for services actually rendered, and loans and advances permitted by **Section 10.2.7**; (c) payment of customary directors’ fees and indemnities; (d) transactions solely among Obligor not otherwise prohibited under this Agreement; (e) transactions with Affiliates that were consummated prior to the Closing Date, as shown on **Schedule 10.2.17**; (f) transactions with Affiliates in the Ordinary Course of Business, upon fair and reasonable terms fully disclosed to Agent and no less favorable than would be obtained in a comparable arm’s-length transaction with a non-Affiliate; (g) payments of interest and principal of Sponsor Subordinated Debt as permitted under the Sponsor Subordination Agreement; (h) on or before December 31, 2012, payments to Parent of fees for management and monitoring services (and payments or Distributions by Parent of such fees) in an amount equal to the lesser of \$4,500,000 and 1.5% of the total revenue of Parent and its Subsidiaries for the Fiscal Year ending December 31, 2012, so long as at the time of such payment, no Default or Event of Default is then continuing or would arise therefrom; and (i) Distributions permitted by **Section 10.2.4(a).**”

The amendments to the Loan Agreement are limited to the extent specifically set forth above and no other terms, covenants or provisions of the Loan Agreement are intended to be affected hereby.

Section 2. CONDITIONS PRECEDENT. The parties hereto agree that the amendments set forth in **Section 1** above shall not be effective until the Agent shall have received (i) a counterpart of this Amendment, duly executed and delivered by the Borrowers, the Guarantors and Lenders and (ii) such other documents and certificates as Agent or its counsel may reasonably request.

Section 3. REPRESENTATIONS AND WARRANTIES.

(a) In order to induce Agent and Lenders to enter into this Amendment, each Obligor represents and warrants to Agent and Lenders as follows:

(i) No Default or Event of Default has occurred and is continuing or will exist after giving effect to this Amendment.

(ii) The representations and warranties made by such Obligor in **Section 9** of the Loan Agreement are true and correct in all material respects (except where any such representation or warranty is otherwise qualified by materiality, in which case such representation or warranty is true and correct in all respects) on and as of the date hereof, except to the extent that such representations and warranties expressly relate to an earlier date in which case such representations and warranties are true and correct on and as of such earlier date.

(iii) Since December 31, 2012, no event has occurred or circumstance arisen that has had or could reasonably be expected to have a Material Adverse Effect.

(b) In order to induce Agent and the Lenders to enter into this Amendment, each Obligor represents and warrants to Agent and Lenders that this Amendment has been duly authorized, executed and delivered by it and constitutes its legal, valid and binding obligation, enforceable in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency or similar laws affecting the enforcement of creditors' rights generally and general equitable principles relating to enforceability.

Section 4. MISCELLANEOUS

(a) **Ratification and Confirmation of Loan Documents.** Each Obligor hereby consents, acknowledges and agrees to the amendments set forth herein and hereby confirms and ratifies in all respects the Loan Documents to which such Person is a party (including without limitation, with respect to each Obligor, the continuation and extension of the liens granted under the Loan Agreement and the Security Documents to secure the Obligations).

(b) **Fees and Expenses.** The Borrowers shall, joint and severally, pay on demand all reasonable costs and expenses of Agent in connection with the preparation, reproduction, execution, and delivery of this Amendment and any other documents prepared in connection herewith, including, without limitation, the reasonable fees and out-of-pocket expenses of counsel for Agent.

(c) **Headings.** Section and subsection headings in this Amendment are included herein for convenience of reference only and shall not constitute a part of this Amendment for any other purpose or be given any substantive effect.

(d) **Governing Law; Waiver of Jury Trial.** This Amendment shall be governed by and construed in accordance with the laws of the State of New York, and shall be further subject to the provisions of **Sections 14.13, 14.14** and **14.15** of the Loan Agreement.

(e) **Counterparts.** This Amendment may be executed in any number of counterparts, each of which when executed and delivered shall be deemed to be an original, and all of which when taken together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page of this Amendment by facsimile or electronic transmission (including .pdf file) shall be effective as delivery of a manually executed counterpart hereof.

(f) **Entire Agreement.** This Amendment, together with the Guaranties of the Designated LC Obligations and all the other Loan Documents (collectively, the "Relevant Documents"), sets forth the entire understanding and agreement of the parties hereto in relation to the subject matter hereof and supersedes any prior negotiations and agreements among the parties relating to such subject matter. No promise, condition, representation or warranty, express or implied, not set forth in the Relevant Documents shall bind any party hereto, and no such party has relied on any such promise, condition, representation or warranty. Each of the parties hereto acknowledges that, except as otherwise expressly stated in the Relevant Documents, no representations, warranties or commitments, express or implied, have been made by any party to the other. None of the terms or conditions of this Amendment may be changed, modified, waived or canceled orally or otherwise except in a writing signed by the parties hereto for such purpose.

(g) **Enforceability.** Should any one or more of the provisions of this Amendment be determined to be illegal or unenforceable as to one or more of the parties hereto, all other provisions nevertheless shall remain effective and binding on the parties hereto.

(h) **Successors and Assigns.** This Amendment shall be binding upon and inure to the benefit of each Obligor, Agent, each Lender and their respective successors and assigns (subject to **Section 13** of the Loan Agreement).

[Remainder of page intentionally left blank; signatures begin on following page]

IN WITNESS WHEREOF, the following parties have caused this Amendment No. 6 to Loan and Security Agreement to be executed as of the date first written above.

BORROWERS:

INSTALLED BUILDING PRODUCTS, LLC

By: /s/ Michael T. Miller
Name: Michael T. Miller
Title: Executive Vice President - Finance

**ACCURATE INSULATION LLC
AMERICAN INSULATION & ENERGY SERVICES, LLC
ANY SEASON INSULATION, LLC
BAYTHERM INSULATION, LLC
BUILDING MATERIALS FINANCE, INC.
CORNHUSKER INSULATION, LLC
GARAGE DOOR SYSTEMS, LLC
GOLD INSULATION, INC.
GOLD STAR INSULATION, L.P.
By: Gold Insulation, Inc., its General Partner
G-T-G, LLC
HINKLE INSULATION & DRYWALL COMPANY,
INCORPORATED
IBP ASSET, LLC
IBP ASSET II, LLC
IBP EXTERIORS, INC.
IBP TEXAS ASSETS I, LLC
IBP TEXAS ASSETS II, LLC
IBP TEXAS ASSETS III, LLC
INSTALLED BUILDING PRODUCTS II, LLC
INSTALLED BUILDING PRODUCTS – PORTLAND, LLC
INSULVAIL, LLC
LAKESIDE INSULATION, LLC
LKS TRANSPORTATION, LLC
METRO HOME INSULATION, LLC
MID SOUTH CONSTRUCTION AND BUILDING PRODUCTS,
INC.
NORTHWEST INSULATION, LLC**

By: /s/ Michael T. Miller
Name: Michael T. Miller
Title: Executive Vice President - Finance

OJ INSULATION HOLDINGS, INC.

OJ INSULATION, L.P.

By: OJ Insulation Holdings, Inc., its General Partner

RAJAN, LLC

ROCKFORD INSULATION, LLC

SPEC 7 INSULATION CO., LLC

SUPERIOR INSULATION SERVICES, LLC

TCI CONTRACTING, LLC

THERMAL CONTROL INSULATION, LLC

WATER-TITE COMPANY, LLC

WILSON INSULATION COMPANY, LLC

By: /s/ Michael T. Miller

Name: Michael T. Miller

Title: Executive Vice President - Finance

GUARANTORS:

INSTALLED BUILDING PRODUCTS, INC.

IBHL A HOLDING COMPANY, INC.

IBHL B HOLDING COMPANY, INC.

IBHL II-A HOLDING COMPANY, INC.

IBHL II-B HOLDING COMPANY, INC.

IBP HOLDINGS, LLC

IBP HOLDINGS II, LLC

By: /s/ Michael T. Miller

Name: Michael T. Miller

Title: Executive Vice President - Finance

AMENDMENT NO. 6 TO LOAN AND SECURITY AGREEMENT

Signature Page

AGENT AND LENDERS:

BANK OF AMERICA, N.A.,
as Agent and Lender

By: /s/ Christopher M. O'Halloran

Name: Christopher M. O'Halloran

Title: Senior Vice President

AMENDMENT NO. 6 TO LOAN AND SECURITY AGREEMENT
Signature Page

The accompanying financial statements give effect to a 19.5 -for- 1 split of the common stock of Installed Building Products, Inc., which will take place prior to the effective date of the registration statement. The following consent is in the form which will be furnished by Deloitte & Touche LLP, an independent registered public accounting firm, upon completion of the 19.5 -for - 1 split of the common stock of Installed Building Products, Inc. described in the last paragraph of Note 15 to the financial statements and assuming that from June 30, 2013 to the date of such completion no other material events have occurred that would affect the accompanying financial statements or disclosures therein except as described in Note 15.

/s/ Deloitte & Touche LLP

Columbus, Ohio
January 31, 2014

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the use in this Amendment No. 2 to Registration Statement No. 333-193247 of our report dated December 9, 2013 (February , 2014 as to the effect of the common and preferred stock authorization and common stock split discussed in Note 15) as of June 30, 2013 and December 31, 2012 and for the six month period ended June 30, 2013 and the year ended December 31, 2012 appearing in the Prospectus, which is part of this Registration Statement, and to the reference to us under the headings "Experts" in the prospectus.

Columbus, OH

The accompanying consolidated financial statements give effect to the common and preferred share authorization and 19.5 -for- 1 split of the common stock of Installed Building Products, Inc., which will take place prior to the effective date of the Registration Statement. The following consent is in the form which will be furnished by Crowe Horwath LLP, an independent registered public accounting firm, upon completion of the 19.5 -for- 1 split of the common stock of Installed Building Products, Inc. described in the last paragraph of Note 15 to the consolidated financial statements and assuming that from December 9, 2013 to the date of such completion no other material events have occurred that would affect the accompanying consolidated financial statements or disclosures therein except as described in Note 15.

/s/ Crowe Horwath LLP

Columbus, Ohio
January 31, 2014

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the use in this Amendment No. _____ to Registration Statement No. 333-193247 of Installed Building Products, Inc. on Form S-1 of our report dated December 9, 2013 (except for the effect of the common and preferred share authorization and common stock split discussed in Note 15, as to which the date is February <>, 2014) relating to the consolidated financial statements of Installed Building Products, Inc. as of and for the year ended December 31, 2011, and to the reference to us under the heading "Experts" in the prospectus.

Columbus, Ohio
February _____, 2014

