

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549  
**FORM 10-Q**

(Mark One)

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

**For the Quarterly Period Ended February 28, 2025**

or

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number: **1-6263**

**AAR CORP.**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of incorporation  
or organization)

**36-2334820**

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

**One AAR Place, 1100 N. Wood Dale Road  
Wood Dale, Illinois**

(Address of principal executive offices)

**60191**

(Zip Code)

**(630) 227-2000**

(Registrant's telephone number, including area code)

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

<i>Title of Each Class</i>	<i>Trading Symbol(s)</i>	<i>Name of Each Exchange on Which Registered</i>
<b>Common Stock, \$1.00 par value</b>	<b>AIR</b>	<b>New York Stock Exchange Chicago Stock Exchange</b>

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

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

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐ Emerging growth company ☐

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

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

As of February 28, 2025 there were 36,103,802 shares of the registrant's Common Stock, \$1.00 par value per share, outstanding.

AAR CORP. and Subsidiaries  
Quarterly Report on Form 10-Q  
For the Quarter Ended February 28, 2025  
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# PART I – FINANCIAL INFORMATION

## Item 1 – Financial Statements

AAR CORP. and Subsidiaries  
Condensed Consolidated Balance Sheets  
As of February 28, 2025 and May 31, 2024  
(In millions, except share data)

### ASSETS

	February 28, 2025 (Unaudited)	May 31, 2024
Current assets:		
Cash and cash equivalents	\$ 84.4	\$ 85.8
Restricted cash	16.5	10.3
Accounts receivable, less allowances of \$10.1 and \$14.1, respectively	312.5	287.2
Contract assets	153.3	123.2
Inventories	775.7	733.1
Rotable assets and equipment on or available for short-term lease	30.1	81.5
Assets held for sale	80.5	12.9
Assets of discontinued operations	7.1	9.9
Prepaid expenses and other current assets	74.7	45.7
Total current assets	<u>1,534.8</u>	<u>1,389.6</u>
Property, plant, and equipment, net of accumulated depreciation of \$271.0 and \$280.0, respectively	<u>153.4</u>	<u>171.7</u>
Other assets:		
Goodwill	528.4	554.8
Intangible assets, net of accumulated amortization of \$25.5 and \$13.3, respectively	223.6	235.4
Rotable assets supporting long-term programs	183.8	166.3
Operating lease right-of-use assets, net	79.0	96.6
Other non-current assets	156.1	155.6
	<u>1,170.9</u>	<u>1,208.7</u>
	<u>\$ 2,859.1</u>	<u>\$ 2,770.0</u>

The accompanying Notes to Condensed Consolidated Financial  
Statements are an integral part of these statements.

AAR CORP. and Subsidiaries  
Condensed Consolidated Balance Sheets  
As of February 28, 2025 and May 31, 2024  
(In millions, except share data)

**LIABILITIES AND EQUITY**

	February 28, 2025 (Unaudited)	May 31, 2024
Current liabilities:		
Accounts payable	\$ 278.9	\$ 238.0
Accrued liabilities	236.7	219.3
Liabilities held for sale	22.8	—
Liabilities of discontinued operations	6.8	9.6
Total current liabilities	545.2	466.9
Long-term debt	1,022.3	985.4
Operating lease liabilities	67.6	80.3
Deferred tax liabilities	25.3	23.9
Other liabilities	16.1	23.7
	1,131.3	1,113.3
Equity:		
Preferred stock, \$1.00 par value, authorized 250,000 shares; none issued	—	—
Common stock, \$1.00 par value, authorized 100,000,000 shares; issued 45,300,786 shares at cost	45.3	45.3
Capital surplus	501.0	493.9
Retained earnings	935.4	956.9
Treasury stock, 9,196,984 and 9,606,820 shares at cost, respectively	(287.0)	(297.5)
Accumulated other comprehensive loss	(12.1)	(8.8)
Total equity	1,182.6	1,189.8
	<u>\$ 2,859.1</u>	<u>\$ 2,770.0</u>

The accompanying Notes to Condensed Consolidated Financial  
Statements are an integral part of these statements.

AAR CORP. and Subsidiaries  
Condensed Consolidated Statements of Operations  
For the Three and Nine Months Ended February 28/29, 2025 and 2024  
(Unaudited)  
(In millions, except share data)

	Three Months Ended February 28/29,		Nine Months Ended February 28/29,	
	2025	2024	2025	2024
Sales:				
Sales from products	\$ 416.6	\$ 329.9	\$ 1,235.5	\$ 987.6
Sales from services	261.6	237.4	790.5	674.8
	<u>678.2</u>	<u>567.3</u>	<u>2,026.0</u>	<u>1,662.4</u>
Cost and operating expenses:				
Cost of products	332.1	257.5	1,008.4	788.8
Cost of services	214.4	199.5	640.1	558.6
	<u>546.5</u>	<u>457.0</u>	<u>1,648.5</u>	<u>1,347.4</u>
Gross profit	131.7	110.3	377.5	315.0
Provision for (Recovery of) credit losses	(0.2)	0.1	(0.3)	0.5
Selling, general and administrative	61.3	77.0	270.3	217.4
Earnings (Loss) from joint ventures	0.5	(0.2)	4.7	(0.5)
Operating income	71.1	33.0	112.2	96.6
Pension settlement charge	—	—	—	(26.7)
Losses related to sale and exit of business	(64.0)	(1.0)	(65.3)	(2.6)
Other expense, net	(0.1)	(0.2)	(0.4)	(0.3)
Interest expense	(18.5)	(11.9)	(56.6)	(23.9)
Interest income	0.4	0.6	1.4	1.6
Income (Loss) from continuing operations before income taxes (benefit)	(11.1)	20.5	(8.7)	44.7
Income tax expense (benefit)	(2.2)	6.5	12.8	7.5
Net income (loss)	<u>\$ (8.9)</u>	<u>\$ 14.0</u>	<u>\$ (21.5)</u>	<u>\$ 37.2</u>
Earnings (Loss) per share – basic	<u>\$ (0.25)</u>	<u>\$ 0.40</u>	<u>\$ (0.61)</u>	<u>\$ 1.05</u>
Earnings (Loss) per share – diluted	<u>\$ (0.25)</u>	<u>\$ 0.39</u>	<u>\$ (0.61)</u>	<u>\$ 1.04</u>
Share data used for earnings (loss) per share:				
Weighted average shares outstanding – Basic	35.4	34.8	35.4	34.9
Weighted average shares outstanding – Diluted	<u>35.4</u>	<u>35.2</u>	<u>35.4</u>	<u>35.3</u>

The accompanying Notes to Condensed Consolidated Financial  
Statements are an integral part of these statements.

AAR CORP. and Subsidiaries  
Condensed Consolidated Statements of Comprehensive Income (Loss)  
For the Three and Nine Months Ended February 28/29, 2025 and 2024  
(Unaudited)  
(In millions)

	Three Months Ended February 28/29,		Nine Months Ended February 28/29,	
	2025	2024	2025	2024
Net income (loss)	\$ (8.9)	\$ 14.0	\$ (21.5)	\$ 37.2
Other comprehensive income (loss), net of tax:				
Currency translation adjustments	(1.5)	(0.2)	(3.3)	(0.1)
Pension and other post-retirement plans, net of tax	—	—	—	14.9
Other comprehensive income (loss), net of tax	(1.5)	(0.2)	(3.3)	14.8
Comprehensive income (loss)	<u>\$ (10.4)</u>	<u>\$ 13.8</u>	<u>\$ (24.8)</u>	<u>\$ 52.0</u>

The accompanying Notes to Condensed Consolidated Financial  
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AAR CORP. and Subsidiaries  
Condensed Consolidated Statements of Cash Flows  
For the Nine Months Ended February 28/29, 2025 and 2024  
(Unaudited)  
(In millions)

	Nine Months Ended February 28/29,	
	2025	2024
Cash flows provided by (used in) operating activities:		
Net income (loss)	\$ (21.5)	\$ 37.2
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	41.5	25.5
Amortization of financing costs	2.0	0.4
Stock-based compensation expense	15.6	11.5
Impairment charge	63.0	—
Pension settlement charge	—	26.7
Loss (Earnings) from joint ventures	(4.7)	0.5
Provision for (Recovery of) credit losses	(0.3)	0.5
Deferred tax benefit	(0.6)	(4.8)
Changes in certain assets and liabilities:		
Accounts receivable	(42.2)	(17.3)
Contract assets	(37.8)	0.5
Inventories	(76.6)	(97.3)
Prepaid expenses and other current assets	(16.9)	(11.3)
Rotable assets supporting long-term programs	(24.2)	(6.9)
Accounts payable	51.7	73.7
Accrued and other liabilities	19.8	19.8
Deferred revenue on long-term programs	(4.1)	(13.6)
Other	20.0	(25.8)
Net cash provided by (used in) operating activities – continuing operations	(15.3)	19.3
Net cash used in operating activities – discontinued operations	—	(0.2)
Net cash provided by (used in) operating activities	(15.3)	19.1
Cash flows used in investing activities:		
Property, plant, and equipment expenditures	(24.7)	(22.2)
Acquisition	2.9	—
Other	4.9	(4.6)
Net cash used in investing activities	(16.9)	(26.8)
Cash flows provided by financing activities:		
Short-term borrowings, net	35.0	5.0
Purchase of treasury stock	—	(5.1)
Financing costs	(0.1)	(0.8)
Stock compensation activity	2.1	10.4
Net cash provided by financing activities	37.0	9.5
Increase in cash, cash equivalents, and restricted cash	4.8	1.8
Cash, cash equivalents, and restricted cash at beginning of period	96.1	81.8
Cash, cash equivalents, and restricted cash at end of period	\$ 100.9	\$ 83.6

The accompanying Notes to Condensed Consolidated Financial  
Statements are an integral part of these statements.

AAR CORP. and Subsidiaries  
Condensed Consolidated Statements of Changes in Equity  
For the Three and Nine Months Ended February 28/29, 2025 and 2024  
(Unaudited)  
(In millions)

	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income (Loss)	Total Equity
Balance, May 31, 2024	\$ 45.3	\$ 493.9	\$ 956.9	\$ (297.5)	\$ (8.8)	\$ 1,189.8
Net income	—	—	18.0	—	—	18.0
Stock option activity	—	0.9	—	0.2	—	1.1
Restricted stock activity	—	(4.4)	—	4.2	—	(0.2)
Other comprehensive loss, net of tax	—	—	—	—	1.5	1.5
Balance, August 31, 2024	\$ 45.3	\$ 490.4	\$ 974.9	\$ (293.1)	\$ (7.3)	\$ 1,210.2
Net loss	—	—	(30.6)	—	—	(30.6)
Stock option activity	—	1.0	—	0.2	—	1.2
Restricted stock activity	—	4.1	—	—	—	4.1
Other comprehensive loss, net of tax	—	—	—	—	(3.3)	(3.3)
Balance, November 30, 2024	\$ 45.3	\$ 495.5	\$ 944.3	\$ (292.9)	\$ (10.6)	\$ 1,181.6
Net loss	—	—	(8.9)	—	—	(8.9)
Stock option activity	—	0.5	—	6.2	—	6.7
Restricted stock activity	—	5.0	—	(0.3)	—	4.7
Other comprehensive loss, net of tax	—	—	—	—	(1.5)	(1.5)
Balance, February 28, 2025	<u>\$ 45.3</u>	<u>\$ 501.0</u>	<u>\$ 935.4</u>	<u>\$ (287.0)</u>	<u>\$ (12.1)</u>	<u>\$ 1,182.6</u>

  

	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Loss	Total Equity
Balance, May 31, 2023	\$ 45.3	\$ 484.5	\$ 910.6	\$ (317.8)	\$ (23.5)	\$ 1,099.1
Net loss	—	—	(0.6)	—	—	(0.6)
Stock option activity	—	(0.3)	—	7.0	—	6.7
Restricted stock activity	—	(2.4)	—	3.7	—	1.3
Other comprehensive income, net of tax	—	—	—	—	15.4	15.4
Balance, August 31, 2023	\$ 45.3	\$ 481.8	\$ 910.0	\$ (307.1)	\$ (8.1)	\$ 1,121.9
Net income	—	—	23.8	—	—	23.8
Stock option activity	—	0.9	—	6.3	—	7.2
Restricted stock activity	—	3.0	—	—	—	3.0
Other comprehensive loss, net of tax	—	—	—	—	(0.4)	(0.4)
Balance, November 30, 2023	\$ 45.3	\$ 485.7	\$ 933.8	\$ (300.8)	\$ (8.5)	\$ 1,155.5
Net income	—	—	14.0	—	—	14.0
Stock option activity	—	0.7	—	0.2	—	0.9
Restricted stock activity	—	2.9	—	—	—	2.9
Repurchase of shares	—	—	—	(5.1)	—	(5.1)
Other comprehensive loss, net of tax	—	—	—	—	(0.2)	(0.2)
Balance, February 29, 2024	<u>\$ 45.3</u>	<u>\$ 489.3</u>	<u>\$ 947.8</u>	<u>\$ (305.7)</u>	<u>\$ (8.7)</u>	<u>\$ 1,168.0</u>

The accompanying Notes to Condensed Consolidated Financial  
Statements are an integral part of these statements.

AAR CORP. and Subsidiaries  
Notes to Condensed Consolidated Financial Statements  
February 28, 2025  
(Unaudited)  
(Dollars in millions, except per share amounts)

**Note 1 – Basis of Presentation**

AAR CORP. and its subsidiaries are referred to herein collectively as “AAR,” “Company,” “we,” “us,” or “our,” unless the context indicates otherwise. The accompanying Condensed Consolidated Financial Statements include the accounts of AAR and its subsidiaries after elimination of intercompany accounts and transactions.

We have prepared these statements without audit, pursuant to the rules and regulations of the United States Securities and Exchange Commission (“SEC”). The Condensed Consolidated Balance Sheet as of May 31, 2024 has been derived from audited financial statements. To prepare the financial statements in conformity with U.S. generally accepted accounting principles (“GAAP”), management has made a number of estimates and assumptions relating to the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities. Actual results could differ from those estimates. Certain information and note disclosures, normally included in comprehensive financial statements prepared in accordance with GAAP, have been condensed or omitted pursuant to such rules and regulations of the SEC. These Condensed Consolidated Financial Statements should be read in conjunction with the Consolidated Financial Statements and notes thereto included in our Annual Report on Form 10-K for the fiscal year ended May 31, 2024.

In the opinion of management, the Condensed Consolidated Financial Statements reflect all adjustments (which consist only of normal recurring adjustments) necessary to present fairly the Condensed Consolidated Balance Sheet of AAR CORP. and its subsidiaries as of February 28, 2025, the Condensed Consolidated Statements of Operations and Condensed Consolidated Statements of Comprehensive Income (Loss) for the three- and nine-month periods ended February 28/29, 2025 and 2024, the Condensed Consolidated Statements of Cash Flows for the nine-month periods ended February 28/29, 2025 and 2024, and the Condensed Consolidated Statement of Changes in Equity for the three- and nine-month periods ended February 28/29, 2025 and 2024. The results of operations for such interim periods are not necessarily indicative of the results for the full year.

Certain reclassifications have been made to the prior year presentation to conform to the fiscal 2025 presentation.

*New Accounting Pronouncements Not Yet Adopted*

In November 2023, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2023-07, *Segment Reporting (Topic 280), Improvements to Reportable Segment Disclosures*. This ASU requires disclosures to include significant segment expenses that are regularly provided to the Chief Operating Decision Maker (“CODM”), a description of other segment items by reportable segment, and any additional measures of a segment’s profit or loss used by the CODM when deciding how to allocate resources. The ASU also requires all annual disclosures to also be included in interim periods. The ASU is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024 with retrospective application to all prior periods presented in the financial statements. We expect this ASU to only impact our disclosures with no impacts to our results of operations, cash flows, and financial condition.

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740) Improvements to Income Tax Disclosures*. This ASU updates income tax disclosure requirements by requiring specific categories and greater disaggregation within the income tax rate reconciliation and disaggregation of income taxes paid by jurisdiction. The ASU is effective for fiscal years beginning after December 15, 2024, with early adoption permitted. The ASU would be applied on a prospective basis with retrospective application permitted. We expect this ASU to only impact our disclosures with no impacts to our results of operations, cash flows, and financial condition.

In November 2024, the FASB issued ASU No. 2024-03, *Income Statement – Reporting Comprehensive Income – Expense Disaggregation Disclosures (Subtopic 220-40), Disaggregation of Income Statement Expenses*. This ASU includes new disclosure requirements about specific expense categories, including but not limited to, purchases of inventory, employee compensation, depreciation, amortization, and selling expenses that are included in certain expense captions presented on the face of the income statement. The ASU is effective for fiscal years beginning after December 15, 2026, and interim periods within fiscal years beginning after December 15, 2027. Early adoption is permitted and the ASU can be applied on a prospective or retrospective basis. We expect this ASU to only impact our disclosures with no impacts to our results of operations, cash flows, and financial condition.

AAR CORP. and Subsidiaries  
Notes to Condensed Consolidated Financial Statements  
February 28, 2025  
(Unaudited)  
(Dollars in millions, except per share amounts)

**Note 2 – Acquisitions***Acquisition of Triumph Group's Product Support Business*

On March 1, 2024, we completed the acquisition of Triumph Group, Inc.'s Product Support business ("Product Support") for an initial purchase price of \$725.0 million. The post-closing adjustments for cash, working capital and indebtedness were resolved in the first quarter of fiscal 2025 resulting in a \$2.9 million reduction in the purchase price. Product Support is a leading global provider of specialized maintenance, repair, and overhaul ("MRO") capabilities for critical aircraft components in the commercial and defense markets, providing MRO services for structural components, engine and airframe accessories, interior refurbishment and wheels and brakes. Product Support also designs proprietary designated engineering representative repairs and parts manufacturer approval parts.

Product Support's results are reported within our Repair & Engineering segment. The purchase price was paid at closing and was funded with debt financing. Transaction costs associated with the acquisition of \$21.0 million were expensed as incurred within Selling, general and administrative expenses in fiscal 2024.

In connection with the acquisition, we secured commitments for a bridge financing facility (the "Bridge Facility"). No amounts were drawn under the Bridge Facility, which was terminated on March 1, 2024 upon securing permanent debt financing and closing the acquisition. We expensed \$6.1 million within Interest expense in fiscal 2024 for the fees associated with the Bridge Facility.

We accounted for the acquisition using the acquisition method and included the results of Product Support's operations in our consolidated financial statements from the effective date of the acquisition.

The final fair value of assets acquired and liabilities assumed is as follows:

Accounts receivable	\$ 42.3
Contract assets	18.7
Inventory	63.0
Rotable assets	21.9
Property & equipment	44.9
Intangible assets	179.4
Investment in joint venture	17.9
Other assets	4.1
Accounts payable	(21.6)
Other liabilities	(14.9)
Net assets acquired	355.7
Goodwill	364.3
Purchase price, net of cash acquired	<u>\$ 720.0</u>

Acquired amortizable intangible assets include customer relationships of \$96.1 million and developed technology of \$83.3 million which are being amortized over 12.5 years and 20 years, respectively. The goodwill associated with the Product Support acquisition is deductible for tax purposes and is primarily attributable to the benefits we expect to derive from expected synergies including facility rationalization, complementary products and services, cross-selling opportunities, in-sourcing repair services and intangible assets that do not qualify for separate recognition, such as their assembled workforce.

As part of our ongoing integration activities, we are consolidating our facility footprint which includes closing our Garden City, New York component repair facility and relocating those operations to certain Product Support facilities. We expect to have the transition of the facility's operations completed in early fiscal 2026. During the three- and nine-month periods ended February 28, 2025, we recognized \$1.8 million and \$5.6 million, respectively, of integration expenses, including facility closure costs, severance, retention and other costs.

AAR CORP. and Subsidiaries  
Notes to Condensed Consolidated Financial Statements  
February 28, 2025  
(Unaudited)  
(Dollars in millions, except per share amounts)

*Acquisition of Trax USA Corp.*

On March 20, 2023, we acquired the outstanding shares of Trax USA Corp. (“Trax”) for a purchase price of \$120.0 million plus contingent consideration of up to \$20.0 million based on Trax’s adjusted revenue in calendar years 2023 and 2024. Trax is a leading provider of aircraft MRO and fleet management software supporting a broad spectrum of maintenance activities for a diverse global customer base of airlines and MROs.

The purchase price was paid at closing except for \$12.0 million which was placed on deposit with an escrow agent to secure potential indemnification obligations and fund post-closing adjustments for working capital and indebtedness. The post-closing adjustments for working capital and indebtedness were finalized in the three-month period ended November 30, 2023, resulting in a purchase price reduction of \$1.8 million and the release of \$3.0 million from the escrow. As of February 28, 2025, the remaining escrow balance was \$9.0 million with the majority of the escrow expected to be released in the fourth quarter of fiscal 2025.

The contingent consideration is based on an adjusted cumulative revenue target across calendar years 2023 and 2024. The adjusted cumulative revenue target is based on revenue recognized under U.S. GAAP adjusted for certain events related to deferred revenue, customer commitments, and other adjustments. The contingent consideration also required certain of the former owners’ continued employment through December 31, 2024 and is treated as compensation expense within Selling, general and administrative expenses. We recognized compensation expense of \$1.7 million and \$1.4 million in the three-month periods ended February 28/29, 2025 and 2024, respectively, and \$3.8 million and \$4.2 million in the nine-month periods ended February 28/29, 2025 and 2024, respectively. As of February 28, 2025, we have a contingent consideration liability of \$11.2 million which was classified as Accrued liabilities on our Condensed Consolidated Balance Sheet. We expect to finalize the contingent consideration before the end of fiscal 2025.

**Note 3 – Discontinued Operations**

During the third quarter of fiscal 2018, we decided to pursue the sale of our Contractor-Owned, Contractor-Operated (“COCO”) business previously included in our Expeditionary Services segment. Due to this strategic shift, the assets, liabilities, and results of operations of our COCO business have been reported as discontinued operations for all periods presented. Unless otherwise noted, amounts and disclosures throughout these Notes to Condensed Consolidated Financial Statements relate to our continuing operations.

Following the sale of the last operating contract of the COCO business in 2020, our continuing involvement in the COCO business is limited to the lease of certain aircraft which is an obligation of the acquirer of the COCO business. The assets and liabilities of our discontinued operations are primarily comprised of right-of-use (“ROU”) assets and lease-related liabilities.

**Note 4 – Revenue Recognition**

Revenue is measured based on the consideration specified in a contract with a customer, and excludes any sales incentives and amounts collected on behalf of third parties. We recognize revenue when we satisfy a performance obligation by transferring control over a product or service to a customer.

Our unit of accounting for revenue recognition is a performance obligation included in our customer contracts. A performance obligation reflects the distinct good or service that we must transfer to a customer. At contract inception, we evaluate if the contract should be accounted for as a single performance obligation or if the contract contains multiple performance obligations. In some cases, our contract with the customer is considered one performance obligation as it includes factors such as whether the good or service being provided is significantly integrated with other promises in the contract, whether the service provided significantly modifies or customizes another good or service or whether the good or service is highly interdependent or interrelated. If the contract has more than one performance obligation, we determine the standalone price of each distinct good or service underlying each performance obligation and allocate the transaction price based on their relative standalone selling prices.

The transaction price of a contract, which can include both fixed and variable amounts, is allocated to each performance obligation identified. Some contracts contain variable consideration, which could include incremental fees or penalty provisions related to performance. Variable consideration that can be reasonably estimated based on current assumptions and historical information is

AAR CORP. and Subsidiaries  
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included in the transaction price at the inception of the contract but limited to the amount that is probable that a significant reversal in the amount of cumulative revenue recognized will not occur. Variable consideration that cannot be reasonably estimated is recorded when known.

Our performance obligations are satisfied over time as work progresses or at a point in time based on transfer of control of products and services to our customers. The majority of our sales from products typically represent distinct performance obligations and are recognized at a point in time upon transfer of control to the customer, which generally occurs upon shipment. In connection with certain sales of products, we also provide logistics services, which include inventory management, replenishment, and other related services. The price of such services is generally included in the price of the products delivered to the customer, and revenues are recognized upon delivery of the product, at which point the customer has obtained control of the product. We do not account for these services separate from the related product sales as the services are inputs required to fulfill part orders received from customers.

For our performance obligations that are satisfied over time, we measure progress in a manner that depicts the performance of transferring control to the customer. As such, we utilize the input method of cost-to-cost to recognize revenue over time as this depicts when control of the promised goods or services are transferred to the customer. Revenue is recognized based on the relationship of actual costs incurred to date to the estimated total cost at completion of the performance obligation.

We are required to make certain judgments and estimates, including estimated revenues and costs, as well as inflation and the overall profitability of the arrangement. Key assumptions involved can include customer volume, future labor costs and efficiencies, repair or overhaul costs, overhead costs, and ultimate timing of product delivery. Differences may occur between the judgments and estimates made by management and actual program results. For contracts that are deemed to be loss contracts, we establish forward loss reserves for total estimated costs that are in excess of total estimated consideration in the period in which they become known.

We utilize the portfolio approach to estimate the amount of revenue to recognize for certain contracts which require over-time revenue recognition. Such contracts are grouped together either by revenue stream, customer or product line with each portfolio of contracts grouped together based on having similar characteristics. The portfolio approach is utilized only when the result of the accounting is not expected to be materially different than if applied to individual contracts.

We also may enter into offset agreements or conditions as part of obtaining orders for our products and services from certain government customers in foreign countries. These agreements are designed to enhance the social and economic environment of the foreign country by requiring the contractor to promote investment in the country. These agreements also may be satisfied through our use of cash or other means of providing financial support for in-country projects with local companies. The amounts ultimately applied against our offset agreements are based on negotiations with the customer and satisfaction of our offset obligations are included in the estimates of our total costs to complete the contract.

When contracts are modified, we consider whether the modification either creates new or changes the existing enforceable rights and obligations. Contract modifications that are for goods or services that are not distinct from the existing contract, due to the significant integration with the original goods or services provided, are accounted for as if they were part of that existing contract with the effect of the contract modification recognized as an adjustment to revenue on a cumulative catch-up basis. When the modifications include additional performance obligations that are distinct, they are accounted for as a new contract and performance obligation, which are recognized prospectively.

Certain contracts with customers have options for the customer to acquire additional goods or services. In most cases, the pricing of these options are reflective of the standalone selling price of the good or service. These options do not provide the customer with a material right and are accounted for only when the customer exercises the option to purchase the additional goods or services. If the option on the customer contract was not indicative of the standalone selling price of the good or service, the material right would be accounted for as a separate performance obligation.

Under most of our U.S. government contracts, if the contract is terminated for convenience, we are entitled to payment for items delivered and fair compensation for work performed, the costs of settling and paying other claims, and a reasonable profit on the costs incurred or committed.

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In the performance of our government contracts, we routinely request contract modifications that require additional funding from the customer. Most often, these requests are due to customer-directed changes in the scope of work. While we are entitled to recovery of these costs under our contracts, the administrative process with our customer may be protracted. Based on the circumstances, we periodically file requests for equitable adjustment (“REAs”) that are sometimes converted into claims. In some cases, these REAs are disputed by our customer. We believe our outstanding modifications, REAs and other claims will be resolved without material impact to our results of operations, financial condition or cash flows.

In the ordinary course of business, agencies of the U.S. and other governments audit our claimed indirect costs and conduct inquiries and investigations of our business practices with respect to government contracts to determine whether our operations are conducted in accordance with these requirements and the terms of the relevant contracts. U.S. government agencies, including the Defense Contract Audit Agency (“DCAA”), routinely audit our claimed indirect costs, for compliance with the Cost Accounting Standards and the Federal Acquisition Regulations. These agencies also conduct reviews and investigations and make inquiries regarding our accounting and other systems in connection with our performance and business practices with respect to our government contracts and subcontracts.

Costs to fulfill and obtain a contract are considered for capitalization based on contract specific facts and circumstances. The incremental costs to fulfill a contract, including setup and implementation costs prior to beginning the period of performance, may be capitalized when expenses are incurred prior to the start of satisfying a performance obligation. The capitalized costs are subsequently expensed over the contract’s period of performance.

We have elected to use certain practical expedients permitted under Accounting Standards Codification (“ASC”) 606, *Revenue from Contracts with Customers*. Shipping and handling fees and costs incurred associated with outbound freight after control over a product has transferred to a customer are accounted for as a fulfillment cost and are included in Cost of sales on our Condensed Consolidated Statements of Operations and are not considered a performance obligation to our customers. Our reported sales on our Condensed Consolidated Statements of Operations are net of any sales or related non-income taxes. We also utilize the “as invoiced” practical expedient in certain cases where performance obligations are satisfied over time and the invoiced amount corresponds directly with the value we are providing to the customer.

#### *Cumulative Catch-up Adjustments*

Changes in estimates and assumptions related to our arrangements accounted for using the cost-to-cost method are recorded using the cumulative catch-up method of accounting. These changes are primarily adjustments to the estimated profitability for our long-term programs where we provide component inventory management, supply chain logistics programs, and/or repair services.

For the three-month period ended February 28, 2025, we recognized no cumulative catch-up adjustments. For the three-month period ended February 29, 2024, we recognized favorable cumulative catch-up adjustments of \$2.5 million. For the nine-month period ended February 28, 2025, we recognized favorable cumulative catch-up adjustments of \$2.4 million. For the nine-month period ended February 29, 2024, we recognized favorable and (unfavorable) cumulative catch-up adjustments of \$9.5 million and \$(6.8) million, respectively.

#### *Contract Assets and Liabilities*

The timing of revenue recognition, customer billings, and cash collections results in a contract asset or contract liability at the end of each reporting period. For instances where we recognize revenue prior to having an unconditional right to payment, we record a contract asset or liability. When an unconditional right to consideration exists, we reduce our contract asset or liability and recognize an unbilled or trade receivable. When amounts are dependent on factors other than the passage of time in order for payment from a customer to be due, we record a contract asset which consists of costs incurred where revenue recognized over time using the cost-to-cost model exceeds the amounts billed to customers. Contract liabilities include advance payments and billings in excess of revenue recognized. Certain customers make advance payments prior to the satisfaction of our performance obligations on the contract. These amounts are recorded as contract liabilities until such performance obligations are satisfied, either over time as costs are incurred or at a point in time when deliveries are made. Contract assets and contract liabilities are determined on a contract-by-contract basis.

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Net contract assets and liabilities are as follows:

	February 28, 2025	May 31, 2024	Change
Contract assets – current	\$ 153.3	\$ 123.2	\$ 30.1
Contract assets – non-current	31.2	24.6	6.6
Contract liabilities:			
Deferred revenue – current	(41.5)	(14.7)	(26.8)
Deferred revenue on long-term contracts	(9.7)	(7.2)	(2.5)
Net contract assets	<u>\$ 133.3</u>	<u>\$ 125.9</u>	<u>\$ 7.4</u>

Contract assets – non-current is reported within Other non-current assets, contract liabilities – current is reported within Accrued liabilities, and deferred revenue on long-term contracts is reported within Other liabilities on our Condensed Consolidated Balance Sheets. Changes in contract assets and contract liabilities primarily result from the timing difference between our performance of services and payments from customers.

During fiscal 2024, we experienced delayed collections from one of our significant regional airline customers and issued the customer a Notice of Payment and Other Defaults during the second quarter of fiscal 2024 to request payment and reserve our rights under our agreements. In the fourth quarter of fiscal 2024, we terminated a power-by-the-hour (“PBH”) program with this customer which resulted in a net termination charge of \$4.8 million. The charge included a reduction in contract assets and revenue of \$7.8 million and the establishment of repair reserves of \$2.5 million partially offset by a \$5.5 million gain recognized from the customer’s obligation to purchase the rotatable assets we utilized to perform the PBH services. In conjunction with the termination for default, the customer is obligated to purchase the rotatable assets for \$20.9 million. The carrying value of the rotatable assets is classified as Assets held for sale on our Condensed Consolidated Balance Sheets.

We currently expect full payment from the customer of all amounts due under the terminated agreement and all other agreements and do not believe a reserve for credit loss is warranted. Our Condensed Consolidated Balance Sheet as of February 28, 2025 included accounts receivable of \$14.9 million, including \$7.8 million past due, and contract assets of \$10.0 million related to this customer.

During the first quarter of fiscal 2025, our Mobility business received a stop-work order from our U.S. Government customer on the Next Generation Pallet contract as the program was terminated for convenience by the customer. Under the conditions for the termination for convenience, we have the right to submit a proposal for recovery of our incurred costs. In conjunction with the termination, we expensed equipment and inventory of \$12.7 million and recognized a contract asset of \$9.5 million reflecting the estimated recovery on our incurred costs.

During the third quarter of fiscal 2025, we submitted our termination settlement proposal to the customer and increased our contract asset to \$13.5 million based on the revised estimated recovery. In conjunction with the termination settlement proposal submission, we also expensed an additional \$1.0 million of equipment and other costs.

Changes in our deferred revenue were as follows for the three- and nine-month periods ended February 28/29, 2025 and 2024:

	Three Months Ended February 28/29,		Nine Months Ended February 28/29,	
	2025	2024	2025	2024
Deferred revenue at beginning of period	\$ (29.6)	\$ (26.4)	\$ (21.9)	\$ (32.4)
Revenue deferred	(101.8)	(86.4)	(271.8)	(222.6)
Revenue recognized	81.8	85.6	243.5	228.0
Other <sup>(1)</sup>	(1.6)	4.9	(1.0)	4.7
Deferred revenue at end of period	<u>\$ (51.2)</u>	<u>\$ (22.3)</u>	<u>\$ (51.2)</u>	<u>\$ (22.3)</u>

<sup>(1)</sup> Other includes cumulative catch-up adjustments, foreign currency translation, and other adjustments.

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*Remaining Performance Obligations*

As of February 28, 2025, we had approximately \$590 million of remaining performance obligations, also referred to as firm backlog, which excludes unexercised contract options and potential orders under our indefinite-delivery, indefinite-quantity contracts. We expect that approximately 75% of this backlog will be recognized as revenue over the next 12 months, an additional 20% of the backlog over the following 12 months, and the balance thereafter. The amount of remaining performance obligations that are expected to be recognized as revenue beyond 12 months primarily relates to our long-term programs where we provide component inventory management, supply chain logistics programs, and/or repair services.

*Disaggregation of Revenue*

Third-party sales across the major customer markets for each of our operating segments for the three- and nine-month periods ended February 28/29, 2025 and 2024 were as follows:

	Three Months Ended February 28/29,		Nine Months Ended February 28/29,	
	2025	2024	2025	2024
<b>Parts Supply:</b>				
Commercial	\$ 220.9	\$ 200.2	\$ 652.1	\$ 595.6
Government and defense	49.8	42.1	142.0	111.1
	<u>\$ 270.7</u>	<u>\$ 242.3</u>	<u>\$ 794.1</u>	<u>\$ 706.7</u>
<b>Repair &amp; Engineering:</b>				
Commercial	\$ 193.6	\$ 128.2	\$ 591.5	\$ 380.7
Government and defense	22.3	12.6	70.8	43.0
	<u>\$ 215.9</u>	<u>\$ 140.8</u>	<u>\$ 662.3</u>	<u>\$ 423.7</u>
<b>Integrated Solutions:</b>				
Commercial	\$ 69.4	\$ 69.1	\$ 211.4	\$ 195.3
Government and defense	93.5	96.4	283.8	283.1
	<u>\$ 162.9</u>	<u>\$ 165.5</u>	<u>\$ 495.2</u>	<u>\$ 478.4</u>
<b>Expeditionary Services:</b>				
Commercial	\$ 1.6	\$ 1.7	\$ 3.6	\$ 5.3
Government and defense	27.1	17.0	70.8	48.3
	<u>\$ 28.7</u>	<u>\$ 18.7</u>	<u>\$ 74.4</u>	<u>\$ 53.6</u>

Consolidated sales by geographic region for the three- and nine-month periods ended February 28/29, 2025 and 2024 were as follows:

	Three Months Ended February 28/29,		Nine Months Ended February 28/29,	
	2025	2024	2025	2024
U.S./Canada	\$ 494.8	\$ 422.2	\$ 1,468.6	\$ 1,236.5
Europe/Africa	98.7	90.4	316.3	263.6
Asia/South Pacific	75.0	47.5	204.6	133.6
Other	9.7	7.2	36.5	28.7
	<u>\$ 678.2</u>	<u>\$ 567.3</u>	<u>\$ 2,026.0</u>	<u>\$ 1,662.4</u>

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**Note 5 – Accounts Receivable**

Financial instruments that potentially subject us to concentrations of market or credit risk consist principally of trade receivables. While our trade receivables are diverse and represent a number of entities and geographic regions, the majority are with the U.S. government and its contractors and entities in the aviation industry. The composition of our accounts receivable is as follows:

	February 28, 2025	May 31, 2024
U.S. Government contracts:		
Trade receivables	\$ 32.8	\$ 34.4
Unbilled receivables	17.1	9.4
	49.9	43.8
All other customers:		
Trade receivables	243.2	216.1
Unbilled receivables	19.4	27.3
	262.6	243.4
	<u>\$ 312.5</u>	<u>\$ 287.2</u>

**Note 6 – Accounting for Stock-Based Compensation**

*Restricted Stock*

In the three-month period ended August 31, 2024, as part of our annual long-term stock incentive compensation, we granted 124,200 shares of performance-based restricted stock and 72,955 shares of time-based restricted stock to eligible employees. The grant date fair value per share for these shares was \$67.02 (the closing price per share of our common stock on the grant date). We also granted 19,010 shares of time-based restricted stock to members of the Board of Directors with a grant date fair value per share of \$70.99 (the closing price per share of our common stock on the grant date).

Expenses charged to operations for restricted stock during the three-month periods ended February 28/29, 2025 and 2024 was \$4.8 million and \$2.9 million, respectively, and during the nine-month periods ended February 28/29, 2025 and 2024 was \$13.0 million and \$9.2 million, respectively.

*Stock Options*

In the three-month period ended August 31, 2024, as part of our annual long-term stock incentive compensation, we granted 157,310 stock options to eligible employees at an exercise price per share of \$67.02 and grant date fair value per share of \$25.51. The fair value of stock options was estimated using the Black-Scholes option pricing model with the following assumptions:

Risk-free interest rate	4.2 %
Expected volatility of common stock	36.0 %
Dividend yield	0.0 %
Expected option term in years	4.9

The total intrinsic value of stock options exercised during the nine-month periods ended February 28/29, 2025 and 2024 was \$7.7 million and \$13.9 million, respectively. Expenses charged to operations for stock options during the three-month periods ended February 28/29, 2025 and 2024 was \$0.8 million and \$0.7 million, respectively, and during the nine-month periods ended February 28/29, 2025 and 2024 was \$2.6 million and \$2.3 million, respectively.

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**Note 7 – Inventories**

The summary of inventories is as follows:

	February 28, 2025	May 31, 2024
Aircraft and engine parts, components and finished goods	\$ 641.5	\$ 580.3
Raw materials and parts	117.0	114.1
Work-in-process	17.2	38.7
	<u>\$ 775.7</u>	<u>\$ 733.1</u>

**Note 8 – Supplemental Cash Flow Information**

	Nine Months Ended February 28/29,	
	2025	2024
Interest paid	\$ 47.5	\$ 17.2
Income taxes paid	21.9	33.6
Income tax refunds received	0.4	0.7
Operating lease liabilities arising from obtaining or re-measuring ROU assets	3.1	34.1

**Note 9 – Sale of Receivables**

On February 23, 2018, we entered into a Purchase Agreement with Citibank N.A. (“Purchaser”) for the sale, from time to time, of certain accounts receivable due from certain customers (the “Purchase Agreement”). Under the Purchase Agreement, the maximum amount of receivables sold is limited to \$150 million and Purchaser may, but is not required to, purchase the eligible receivables we offer to sell. The term of the Purchase Agreement runs through February 22, 2026, but, the Purchase Agreement may also be terminated earlier under certain circumstances. The term of the Purchase Agreement shall be automatically extended for annual terms unless either party provides advance notice that they do not intend to extend the term.

We have no retained interests in the sold receivables, other than limited recourse obligations in certain circumstances, and only perform collection and administrative functions for the Purchaser. We account for these receivable transfers as sales under ASC 860, *Transfers and Servicing*, and de-recognize the sold receivables from our Condensed Consolidated Balance Sheets. At February 28, 2025, we had utilized \$13.4 million which reduced the availability under the Purchase Agreement to \$136.6 million.

During the nine-month periods ended February 28/29, 2025 and 2024, we sold \$156.9 million and \$109.7 million, respectively, of receivables under the Purchase Agreement and remitted \$150.4 million and \$108.8 million, respectively, to the Purchaser on their behalf. As of February 28, 2025 and May 31, 2024, we had collected cash of \$6.8 million and \$0.9 million, respectively, which was not yet remitted to the Purchaser as of those dates and was classified as Restricted cash on our Condensed Consolidated Balance Sheets.

We recognize discounts on the sale of our receivables and other fees related to the Purchase Agreement in Other expense, net on our Condensed Consolidated Statements of Operations. We incurred discounts on the sale of our receivables of \$0.2 million and \$0.2 million during the three-month periods ended February 28/29, 2025 and 2024, respectively. During the nine-month periods ended February 28/29, 2025 and 2024, we incurred discounts on the sale of our receivables of \$0.7 million and \$0.5 million, respectively.

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## Note 10 – Financing Arrangements

A summary of the carrying amount of our debt is as follows:

	February 28, 2025	May 31, 2024
Amended Revolving Credit Facility with interest payable monthly	\$ 482.0	\$ 447.0
Senior Notes	550.0	550.0
Debt issuance costs, net	(9.7)	(11.6)
Long-term debt	<u>\$ 1,022.3</u>	<u>\$ 985.4</u>

### Credit Agreement

On December 14, 2022, we entered into a new credit agreement with various financial institutions as lenders and Wells Fargo Bank, N.A. as administrative agent for the lenders (the “Credit Agreement”) that included an unsecured revolving credit facility (the “Revolving Credit Facility”) that we can draw upon for working capital and general corporate purposes.

On March 1, 2024, we entered into an amendment (the “Revolver Amendment”) to our Credit Agreement, which governs the Company’s existing revolving credit facility (the revolving credit facility as amended by the Revolver Amendment, the “Amended Revolving Credit Facility”). Among other things, the Revolver Amendment (i) increased the aggregate commitments under the Amended Revolving Credit Facility to \$825 million from \$620 million under the Revolving Credit Facility, (ii) increased the maximum leverage ratio permitted under the financial covenants applicable to the Amended Revolving Credit Facility and (iii) included an additional pricing level that will increase the applicable interest rate margins on the Amended Revolving Credit Facility to 250 basis points (in the case of secured overnight financing rate (“SOFR”)) and 150 basis points (in the case of Base Rate loans as defined in the Revolver Amendment) if our Adjusted Total Debt to EBITDA Ratio as defined in the Revolver Amendment exceeds 3.75:1.00.

Under certain circumstances, we may request an increase to the lending commitments under the Credit Agreement by an aggregate amount of up to \$300 million, not to exceed \$1,125 million in total. The Credit Agreement expires on December 14, 2027. Borrowings under the Credit Agreement bear interest at an applicable variable rate based on SOFR plus 112.5 to 250 basis points based on certain financial measurements plus 10 basis points if a SOFR loan, or at the offered fluctuating Base Rate plus 12.5 to 150 basis points based on certain financial measurements if a Base Rate loan.

Borrowings outstanding under the Amended Revolving Credit Facility at February 28, 2025 were \$482.0 million and there were approximately \$7.8 million of outstanding letters of credit, which reduced the availability of this facility to \$335.2 million.

Our Credit Agreement requires us to comply with leverage and interest coverage ratios and comply with certain affirmative and negative covenants, including those relating to financial reporting and notification, compliance with applicable laws, and limitations on additional liens, indebtedness, acquisitions, investments and disposition of assets. Our Credit Agreement also requires our significant domestic subsidiaries to provide a guarantee of payment under the Credit Agreement.

### Senior Notes

On March 1, 2024, we issued \$550.0 million aggregate principal amount of 6.75% Senior Notes due 2029 (the “Notes”) to fund a portion of the purchase price for the acquisition of the Product Support business. The Notes were issued pursuant to an indenture (the “Base Indenture”), dated as of March 1, 2024, between us and Wilmington Trust, National Association (the “Trustee”), as trustee, and a First Supplemental Indenture, dated as of March 1, 2024 (together with the Base Indenture, the “Indenture”), among us, the Note Guarantors (as defined below) and the Trustee.

Our domestic subsidiaries that guarantee the Amended Revolving Credit Facility (collectively, the “Note Guarantors”) guaranteed (the “Note Guarantees”) all of the Company’s obligations under the Notes and the Indenture. The Notes and the Note Guarantees have not been, and will not be, registered under the Securities Act of 1933, as amended (the “Securities Act”).

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The Notes bear interest at a rate of 6.75% per year, payable semiannually in cash in arrears on March 15 and September 15 of each year, commencing September 15, 2024. The Notes will mature on March 15, 2029. At any time prior to March 15, 2026, the Company may redeem the Notes, in whole or in part, at a redemption price equal to 100% of the principal amount of the Notes to be redeemed, plus accrued and unpaid interest, if any, to, but excluding, the redemption date plus an applicable “make-whole” premium. At any time prior to March 15, 2026, the Company may also redeem up to 40% of the Notes with net cash proceeds of certain equity offerings at a redemption price equal to 106.75% of the principal amount of the Notes to be redeemed, plus accrued and unpaid interest, if any, to, but excluding, the redemption date. On or after March 15, 2026, the Company may redeem the Notes, in whole or in part, at specified redemption prices if redeemed during the twelve-month period beginning on March 15 of the years indicated below:

2026	103.375 %
2027	101.688 %
2028 and thereafter	100.000 %

The Notes are jointly and severally guaranteed by each of the Note Guarantors. The Notes and the Note Guarantees are the general unsecured obligations of us or each of the Note Guarantors and, as applicable, (i) rank equal in right of payment to all of our or such Note Guarantor’s existing and future senior indebtedness, (ii) rank senior in right of payment to all of our or such Note Guarantor’s obligations that are, by their terms expressly subordinated in right of payment to the Notes or the Note Guarantees, (iii) are effectively subordinated to all of our or such Note Guarantor’s secured indebtedness, to the extent of the value of the assets securing such indebtedness and (iv) in the case of the Note Guarantees, are structurally subordinated to indebtedness and other liabilities of our subsidiaries that are not Note Guarantors.

The Indenture contains customary covenants, including limitations on the ability of us and our restricted subsidiaries to (i) incur debt, certain disqualified stock and preferred stock, (ii) create liens, (iii) pay dividends or distributions or redeem or repurchase equity, (iv) prepay subordinated debt or make certain investments, (v) transfer and sell assets, (vi) engage in consolidations, mergers or dispositions of all or substantially all of our or their assets, (vii) enter into agreements that restrict dividends, loans and other distributions from subsidiaries and (viii) enter into transactions with affiliates. These covenants are subject to a number of important exceptions and qualifications described in the Indenture. In addition, the Indenture contains a number of customary events of default, including, among other things, payment default, failure to comply with covenants or agreements contained in the Indenture or the Notes and certain provisions related to bankruptcy events.

At February 28, 2025, our variable and fixed rate debt had a fair value that approximates their carrying values and is classified as Level 3 in the fair value hierarchy as their fair values are determined based upon one or more significant unobservable inputs.

At February 28, 2025, we were in compliance with the financial and other covenants in our financing agreements.

## **Note 11 – Other Non-current Assets**

### *Investment in Indian Joint Venture*

Our investments in joint ventures previously included a 40% ownership interest in a joint venture in India to operate an airframe maintenance facility. We had also guaranteed 40% of the Indian joint venture’s debt and each of the partners in the Indian joint venture had a loan to the joint venture proportionate to its equity ownership.

During the first quarter of fiscal 2025, we executed a Share Purchase Agreement with our Indian joint venture partners whereby we agreed to sell our equity to those partners for \$0.1 million conditional on the repayment of our loan and the release of our guarantee of the Indian joint venture’s debt. During the first quarter of fiscal 2025, we were released from our debt guarantee obligations and de-recognized the related \$9.4 million guarantee liability. In the second quarter of fiscal 2025, we received \$2.1 million reflecting the principal value of our shareholder loan. In conjunction with these transactions, the Share Purchase Agreement, and transition services arrangements, we recognized a gain of \$2.1 million related to our exit from the joint venture in the nine-month period ended February 28, 2025. As part of our transition services arrangements, we have a receivable of \$0.7 million from our Indian joint venture partners.

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*Investment in AAR Sumisho Aviation Services (“ASAS”)*

Our investments in joint ventures include a 50% ownership interest in a joint venture to provide aviation aftermarket supply chain solutions to Japanese defense and global commercial markets. Each of the partners in the ASAS joint venture have provided financial guarantees to third-parties to guarantee the payments for ASAS’s financing arrangements, including inventory purchases. No liabilities have been recognized on the outstanding guarantees. We are unable to estimate our maximum exposure under these guarantees as they are largely dependent on the volume of inventory purchase orders outstanding.

Our sales to the ASAS joint venture, including service fees earned by us on providing support to the ASAS joint venture, were \$2.0 million and \$3.5 million during the three-month periods ended February 28/29, 2025 and 2024, respectively, and \$4.9 million and \$4.1 million during the nine-month periods ended February 28/29, 2025 and 2024, respectively.

*Investments in Aircraft Joint Ventures*

Under the terms of servicing agreements with certain of our aircraft joint ventures, we provide administrative services and technical advisory services, including aircraft evaluations, oversight and logistical support of the maintenance process and records management. We also provide evaluation and inspection services prior to the purchase of an aircraft and remarketing services with respect to the divestiture of aircraft by the joint ventures. During the three-month periods ended February 28/29, 2025 and 2024, we received \$0.5 million and \$0.3 million, respectively, for such services. During the nine-month periods ended February 28/29, 2025 and 2024, we received \$1.6 million and \$1.1 million, respectively, for such services.

*Investment in xCelle Americas, LLC (“xCelle”)*

Our investments in joint ventures include a 49.9% ownership interest in a joint venture to provide component repair services including overhaul of nacelles on next generation aircraft. In March 2025, we provided a loan to xCelle for \$3.3 million with semi-annual principal payments over the five-year term of the loan. Interest is payable semi-annually at SOFR plus 2.7%.

**Note 12 – Defined Benefit Pension Settlement**

During the three-month period ended August 31, 2023, we settled all future obligations under our frozen U.S. defined benefit retirement plan (the “U.S. Retirement Plan”). The settlement included a combination of lump-sum payments to participants who elected to receive them and the transfer of the remaining benefit obligations to a third-party insurance company under group annuity contracts. The purchase of the group annuity contracts was funded directly by assets of the U.S. Retirement Plan and required no additional cash or asset contributions from us. As a result of the settlements, we recognized a non-cash, pre-tax pension settlement charge of \$26.7 million (\$16.1 million after-tax) related to the accelerated recognition of all unamortized net actuarial losses in Accumulated other comprehensive loss.

Surplus plan assets remained after the settlement and have been primarily used to fund certain contributions associated with one of our qualified 401(k) plans. Surplus plan assets not used for these 401(k) contributions would be subject to a 20% excise tax upon withdrawal. As of February 28, 2025, our Condensed Consolidated Balance Sheet included \$2.3 million of remaining surplus plan assets, and we expect to utilize the assets over the next twelve months to fund our non-elective, discretionary contributions to the 401(k) plan.

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**Note 13 – Accumulated Other Comprehensive Loss**

Changes in our accumulated other comprehensive loss (“AOCL”) by component for the three-month periods ended February 28/29, 2025 and 2024 were as follows:

	Currency Translation Adjustments	Pension Plans	Total
Balance at December 1, 2024	\$ (7.3)	\$ (3.3)	\$ (10.6)
Other comprehensive loss	(1.5)	—	(1.5)
Balance at February 28, 2025	<u>\$ (8.8)</u>	<u>\$ (3.3)</u>	<u>\$ (12.1)</u>
Balance at December 1, 2023	\$ (5.6)	\$ (2.9)	\$ (8.5)
Other comprehensive loss	(0.2)	—	(0.2)
Balance at February 29, 2024	<u>\$ (5.8)</u>	<u>\$ (2.9)</u>	<u>\$ (8.7)</u>

Changes in our AOCL by component for the nine-month periods ended February 28/29, 2025 and 2024 were as follows:

	Currency Translation Adjustments	Pension Plans	Total
Balance at June 1, 2024	\$ (5.5)	\$ (3.3)	\$ (8.8)
Other comprehensive loss	(3.3)	—	(3.3)
Balance at February 28, 2025	<u>\$ (8.8)</u>	<u>\$ (3.3)</u>	<u>\$ (12.1)</u>
Balance at June 1, 2023	\$ (5.7)	\$ (17.8)	\$ (23.5)
Other comprehensive loss before reclassifications	(0.1)	—	(0.1)
Amounts reclassified from AOCL	—	14.9	14.9
Total other comprehensive income	(0.1)	14.9	14.8
Balance at February 29, 2024	<u>\$ (5.8)</u>	<u>\$ (2.9)</u>	<u>\$ (8.7)</u>

**Note 14 – Sale of Landing Gear Overhaul Business**

On December 19, 2024, we entered into an agreement to divest our Landing Gear Overhaul (“LGO”) business to GA Telesis for \$51 million subject to post-closing adjustments for working capital, cash, and debt. The sale is expected to close in the fourth quarter of fiscal 2025, subject to customary and regulatory closing conditions.

The LGO business is reported within our Repair & Engineering segment. In connection with the decision to exit the LGO business, the LGO assets and liabilities have been reclassified as assets and liabilities held for sale beginning in the third quarter of fiscal 2025. The divestiture does not represent a strategic shift that will have a major effect on our operations and financial results and, therefore, did not qualify for presentation as discontinued operations.

We expect to realize net proceeds of approximately \$44.5 million from the sale of the LGO business which reflects selling costs and an estimated working capital adjustment. We recognized a non-cash, pre-tax impairment charge of \$63.0 million in the third quarter of fiscal 2025 to adjust the carrying value of the LGO assets to their estimated fair value. Goodwill of \$14.6 million was reclassified to assets held for sale and was included in the determination of the impairment charge.

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The LGO assets and liabilities reclassified to assets and liabilities held for sale as of February 28, 2025 are as follows:

Accounts receivable	\$ 16.7
Inventory	27.6
Rotable assets	37.8
Property & equipment	14.6
Goodwill	14.6
Other assets	17.0
Selling costs	2.0
Impairment loss	(63.0)
Assets held for sale	<u>\$ 67.3</u>
Accounts payable and accrued expenses	\$ (13.2)
Lease liabilities	(9.6)
Liabilities held for sale	<u>\$ (22.8)</u>

**Note 15 – Business Segment Information**

Our operating segments are comprised of:

- Parts Supply, primarily consisting of our sales of used serviceable engine and airframe parts and components and distribution of new parts;
- Repair & Engineering, primarily consisting of our MRO services across airframes and components, including landing gear;
- Integrated Solutions, primarily consisting of our fleet management and operations of customer-owned aircraft, customized performance-based supply chain logistics programs in support of the U.S. Department of Defense, U.S. Department of State, and foreign governments, flight hour component inventory and repair programs for commercial airlines, and integrated software solutions, including Trax; and
- Expeditionary Services, primarily consisting of products and services supporting the movement of equipment and personnel by the U.S. and foreign governments and non-governmental organizations with sales derived from the engineering, design, integration, and manufacture of pallets, shelters, and containers.

The accounting policies for the segments are the same as those described in Note 1 of Notes to Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended May 31, 2024. Cost of sales consists principally of the cost of products, including material used in manufacturing operations, direct labor, and overhead.

The Company has not aggregated operating segments for purposes of identifying reportable segments. Inter-segment sales are recorded at fair value, which results in intercompany profit on inter-segment sales that is eliminated in consolidation. Corporate selling, general and administrative expenses include centralized functions such as legal, finance, treasury and human resources with a portion of the costs allocated to our operating segments.

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Selected financial information for each segment is as follows:

	Three Months Ended February 28, 2025		
	Third-Party Sales	Inter-segment Sales	Total Sales
Parts Supply	\$ 270.7	\$ 7.3	\$ 278.0
Repair & Engineering	215.9	20.5	236.4
Integrated Solutions	162.9	0.5	163.4
Expeditionary Services	28.7	—	28.7
	<u>\$ 678.2</u>	<u>\$ 28.3</u>	<u>\$ 706.5</u>

	Three Months Ended February 29, 2024		
	Third-Party Sales	Inter-segment Sales	Total Sales
Parts Supply	\$ 242.3	\$ 2.3	\$ 244.6
Repair & Engineering	140.8	23.6	164.4
Integrated Solutions	165.5	0.2	165.7
Expeditionary Services	18.7	—	18.7
	<u>\$ 567.3</u>	<u>\$ 26.1</u>	<u>\$ 593.4</u>

	Nine Months Ended February 28, 2025		
	Third-Party Sales	Inter-segment Sales	Total Sales
Parts Supply	\$ 794.1	\$ 12.5	\$ 806.6
Repair & Engineering	662.3	64.3	726.6
Integrated Solutions	495.2	1.1	496.3
Expeditionary Services	74.4	—	74.4
	<u>\$ 2,026.0</u>	<u>\$ 77.9</u>	<u>\$ 2,103.9</u>

	Nine Months Ended February 29, 2024		
	Third-Party Sales	Inter-segment Sales	Total Sales
Parts Supply	\$ 706.7	\$ 4.9	\$ 711.6
Repair & Engineering	423.7	65.2	488.9
Integrated Solutions	478.4	0.6	479.0
Expeditionary Services	53.6	—	53.6
	<u>\$ 1,662.4</u>	<u>\$ 70.7</u>	<u>\$ 1,733.1</u>

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The following table reconciles segment operating income to income (loss) before income taxes:

	Three Months Ended February 28/29,		Nine Months Ended February 28/29,	
	2025	2024	2025	2024
Segment operating income:				
Parts Supply	\$ 45.4	\$ 31.1	\$ 107.1	\$ 74.6
Repair & Engineering	19.0	11.5	62.9	31.9
Integrated Solutions	9.6	8.6	23.8	22.7
Expeditionary Services	6.4	0.9	6.9	3.1
	80.4	52.1	200.7	132.3
Corporate and other	(9.3)	(19.1)	(88.5)	(35.7)
Operating income	71.1	33.0	112.2	96.6
Pension settlement charge	—	—	—	(26.7)
Losses related to sale and exit of business	(64.0)	(1.0)	(65.3)	(2.6)
Other expense, net	(0.1)	(0.2)	(0.4)	(0.3)
Interest expense	(18.5)	(11.9)	(56.6)	(23.9)
Interest income	0.4	0.6	1.4	1.6
Income (Loss) before income taxes	\$ (11.1)	\$ 20.5	\$ (8.7)	\$ 44.7

#### Note 16 – Legal Proceedings

We are involved in various claims and legal actions, including environmental matters, arising in the ordinary course of business. We are not a party to any material pending legal proceeding (including any governmental or environmental proceeding) other than routine litigation incidental to our business except for the following:

##### *Russian Bankruptcy Litigation*

During calendar years 2016 and 2017, certain subsidiaries of the Company purchased four engines from VIM-AVIA Airlines, LLC (“VIM-AVIA”), a company organized in Russia. Subsequent to the purchase of the engines, VIM-AVIA declared bankruptcy in Russian courts, and shortly thereafter the receiver of the VIM-AVIA bankruptcy estate (“Receiver”) and one of the major creditors of VIM-AVIA filed a claw-back action in the Arbitration Court of the Russian Republic of Tartarstan (the “Russian Trial Court”) against our subsidiaries alleging that the contracts entered into with VIM-AVIA in the 2016-2017 timeframe are invalid. The clawback action alleged that our subsidiaries owe the VIM-AVIA bankruptcy estate approximately \$13 million, the alleged fair market value of the four engines at the time of sale.

On March 3, 2023, the Russian Trial Court awarded a \$1.8 million judgment against the Company relating to one engine, and dismissed all the other claims against the Company relating to the three remaining engines. The Company recognized a corresponding charge of \$1.8 million in the third quarter of fiscal 2023. The Company thereafter appealed the \$1.8 million judgment entered against it by the Russian Trial Court. The receiver and the creditor thereafter appealed to the Russian Trial Court’s judgment dismissing their claims relating to the remaining three engines.

On September 26, 2023, the Russian Eleventh Arbitration Court of Appeal (the “Russian Appellate Court”) issued an order (i) affirming the Russian Trial Court’s adverse judgment against the Company relating to one of the four engines; (ii) reversing the Russian Trial Court’s dismissal of the claims relating to the remaining three engines; and (iii) awarding a judgment against the Company in the total amount of \$13.0 million. During the first quarter of fiscal 2024, the Company recognized a charge for \$11.2 million representing the judgment against the Company for the remaining three engines.

On October 25, 2023, the Company petitioned the Russian Court of Cassation for leave to obtain the Russian Court of Cassation’s appellate review of the Russian Appellate Court’s order of September 26, 2023. On November 13, 2023, the Russian Court of Cassation granted the Company’s petition. On January 31, 2024, the Russian Court of Cassation (i) reversed the Russian Appellate Court’s order of September 26, 2023; (ii) vacated in its entirety the judgment that had been entered by the Russian Appellate Court on

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September 26, 2023; and (iii) remanded the clawback action to the Russian Appellate Court to determine whether certain extraordinary circumstances specified by the Russian Cassation Court existed warranting the invalidation of the disputed contracts and the entry of an adverse judgment against the Company.

On July 11, 2024, the Russian Appellate Court issued its full ruling, similar to the adverse judgment it entered on September 26, 2023, invalidating the disputed contracts in the amount of approximately \$13 million.

On August 9, 2024, the Company appealed the July 11, 2024 ruling to the Russian Court of Cassation. On October 11, 2024, the Russian Court of Cassation issued its ruling. In its ruling, the Russian Court of Cassation in effect: (i) affirmed the \$1.8 million judgment against the Company relating to one of the four engines; and (ii) reversed the \$11.2 million judgment against the Company relating to the remaining three engines.

On December 9, 2024, the Company filed an appeal to the Russian Supreme Court requesting the reversal of that portion of the Russian Court of Cassation's October 11, 2024 ruling that affirmed the \$1.8 million judgment against the Company. The Receiver of the VIM-AVIA bankruptcy estate also filed an appeal to the Russian Supreme Court requesting the reversal of that portion of the Russian Court of Cassation's October 11, 2024 ruling that vacated the \$11.2 million judgment that had been entered against the Company.

On February 10, 2025, the Russian Supreme Court dismissed both the Company's appeal and the Receiver's appeal on the grounds that under applicable legal standards, its review of the Russian Court of Cassation's October 11, 2024 ruling is not warranted. Accordingly, the \$1.8 million judgment against the Company, which judgment concerns one of the four engines, is not subject to further appellate review in the Russian courts. The Receiver's claims against the Company in the VIM / AVIA bankruptcy litigation have therefore been concluded. With the litigation finalized, the \$11.2 million liability was reversed in the third quarter of fiscal 2025.

The Company believes that the claims brought against it by the Receiver, and the resulting \$1.8 million judgment against it, were a result of, among other things, a hostile business and legal environment for foreign companies in Russia, which has been caused by developments in the Russia/Ukraine conflict, including the imposition of a range of sanctions and export controls on Russian entities and individuals by the U.S. and its North Atlantic Treaty Organization allies.

Although there can be no assurances, the Company also believes it would have strong defenses to any attempt that may be made to recognize and enforce the judgment outside of Russia. The Company's ability to satisfy the judgment, in whole or in part, may be restricted by the Company's obligation to comply with U.S. trade restrictions likely applicable to undisclosed creditors of the VIM-AVIA bankruptcy estate. As of February 28, 2025, our Condensed Consolidated Balance Sheet included a liability for the matter, including accrued interest, of \$1.9 million classified as long-term in Other liabilities.

#### *Performance Guarantee*

In conjunction with the fiscal 2021 sale of our Composites business, we retained a performance guarantee to a customer of the Composites business (the "Customer") under an existing contract providing flap track fairings on the A220 aircraft ("A220 Contract"). The term of the A220 Contract and our performance guarantee extend for the duration that A220 aircraft are in service and the customer continues to maintain support for the A220 aircraft. The performance guarantee does not contain a financial cap.

In March 2022, the buyer of the Composites business (the "Buyer") filed for bankruptcy and moved to have the bankruptcy court reject the A220 Contract. The Customer also notified us that it believes the Buyer has failed to timely deliver products in accordance with the terms of the A220 Contract and that the Customer has incurred losses related to the asserted non-compliance that the Customer believes is covered by our performance guarantee. To date, the Customer has provided us with limited details in support of the extent of the Customer's claimed losses with respect to the A220 Contract and its contention that we may be responsible under our performance guarantee to reimburse the Customer for any portion of its claimed losses. The Customer filed suit against us during the fourth quarter of fiscal 2023 claiming damages of at least \$32 million.

In this regard, while we are continuing to seek additional detail around the facts and legal basis underlying the claim for losses the Customer attributed to the A220 Contract and the Customer's corresponding claim under the performance guarantee, we strongly disagree with the premise of the Customer's claim based on the information available and known to us at this time, and we believe that

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we have numerous defenses available against this claim that we will vigorously pursue. While it is reasonably possible that we will incur a loss from the claim under the performance guarantee, we are unable to estimate the range of loss on this claim. There can be no assurance that the Customer's claim under the performance guarantee will not have a material adverse effect on our operations, financial position and cash flows.

*Self-Reporting of Potential Foreign Corrupt Practices Act Violations*

As previously disclosed, in 2019, the Company retained outside counsel to investigate possible violations of the U.S. Foreign Corrupt Practices Act (the "FCPA") relating to certain transactions in Nepal and South Africa that were signed in 2016 and 2017. Based on these investigations, in 2019, the Company self-reported these matters to the U.S. Department of Justice (the "DOJ"), the SEC, and the U.K. Serious Fraud Office.

On December 19, 2024, after cooperating with the DOJ's and SEC's investigations, the Company reached resolutions with the DOJ and the SEC regarding the aforementioned matters.

The Company agreed to the terms contained in a Non-Prosecution Agreement with the DOJ, dated December 19, 2024 (the "NPA"), for an 18-month term. Pursuant to the NPA, among other terms, the Company paid a penalty of \$26.3 million and forfeiture of \$18.6 million, the latter of which was credited in full against the disgorgement paid to the SEC as outlined below. The DOJ agreed that it will not prosecute the Company for conduct described in the NPA provided that the Company complies with the terms of the NPA for the 18-month term.

The SEC approved the Company's Offer of Settlement and issued its Cease-and-Desist Order (the "SEC Order") dated December 19, 2024 with respect to certain violations of the anti-bribery, books and records, and internal accounting controls provisions of the FCPA. Pursuant to the terms of the SEC Order, the Company paid disgorgement of \$23.5 million and prejudgment interest of \$5.8 million to the SEC and agreed to cease and desist any violations of the anti-bribery, books and records and internal accounting control provisions of the FCPA.

The total amount payable under the NPA and SEC Order is \$55.6 million, which was recognized as a charge within Selling, general and administrative expenses in the second quarter of fiscal 2025.

*Enforcement Proceeding in Nepal*

As previously disclosed, the Company became aware via news reports that Nepal's Commission for Investigation of Abuse of Authority ("CIAA") apparently initiated a criminal proceeding in April 2024 against over 35 entities and individuals, including AAR International, Inc., a subsidiary of the Company. The charges alleged violations of Nepalese public procurement law and were related to the same transactions in Nepal in 2016 to 2017 that the Company previously self-reported to U.S. and U.K. authorities, as described above. The proceeding also named a former AAR International, Inc. employee, as well as John Holmes in his capacity as president of AAR International, Inc. at the time of the alleged conduct. Neither AAR International, Inc. nor Mr. Holmes were served personally by the CIAA, though a June 3, 2024 summons published in the Nepalese press purported to instruct all named individuals and entities to appear before the Special Court in Nepal within 30 days.

AAR International, Inc. does not accept or admit these charges, and neither AAR International, Inc. nor Mr. Holmes appeared before the Special Court for several reasons including because the Company believes that any proceedings before the Special Court lacks appropriate due process protections.

Based on news reports and a summary judgment from the Nepalese court, we understand that several defendants were convicted in connection with the charges, including AAR International, Inc. The conviction against AAR International, Inc. purportedly carries a fine of approximately \$0.9 million as well as a prison sentence of 1.5 years. We understand that Mr. Holmes was not personally convicted, but because under Nepalese law it is the responsibility of the company's principal business executive to accept the sentence of the company, Mr. Holmes has been assigned the company's sentence by the court. The Company does not currently intend to participate in the proceedings, and does not intend to pay the fine, believing the proceedings and outcome lack due process. The Company does not believe that the outcome of these proceedings will have a material adverse effect on the Company's operations, financial position, or cash flows. We recognized a liability for the \$0.9 million fine in the three-month period ended November 30, 2024.

## Item 2 – Management’s Discussion and Analysis of Financial Condition and Results of Operations (Dollars in millions)

### General Overview and Outlook

We report our activities in four business segments:

- Parts Supply, primarily consisting of our sales of used serviceable engine and airframe parts and components and distribution of new parts;
- Repair & Engineering, primarily consisting of our maintenance, repair, and overhaul (“MRO”) services across airframes and components, including landing gear;
- Integrated Solutions, primarily consisting of our fleet management and operations of customer-owned aircraft, customized performance-based supply chain logistics programs in support of the U.S. Department of Defense (“DoD”) and foreign governments, flight hour component inventory and repair programs for commercial airlines, and integrated software solutions, including Trax; and
- Expeditionary Services, primarily consisting of products and services supporting the movement of equipment and personnel by the U.S. and foreign governments and non-governmental organizations.

Our chief operating decision making officer (“CODM”) is our Chief Executive Officer and he evaluates performance on our operating segments using operating income as the primary profitability measure. Our operating segments are aligned principally around differences in products and services. The Company has not aggregated operating segments for purposes of identifying reportable segments. Inter-segment sales are recorded at fair value which results in intercompany profit on inter-segment sales that is eliminated in consolidation. Corporate selling, general and administrative expenses include centralized functions such as legal, finance, treasury and human resources with a portion of the costs allocated to our operating segments.

#### *Parts Supply*

Our Parts Supply segment primarily consists of sales and leasing of used serviceable aircraft engine and airframe material (“USM”), aircraft and engines and aftermarket distribution of new, original equipment manufacturer (“OEM”)-supplied replacement parts.

USM is an important category of the aviation aftermarket in which parts removed from engines or airframes can be refurbished to be utilized as replacement parts in the aftermarket. We utilize a network of third-party repair facilities to perform this work. USM parts often represent a cost-effective and more timely solution for operators when compared to sourcing new parts.

We also distribute new OEM-supplied replacement parts to aircraft operators, airlines, government customers and other MRO companies across the world. Our parts are supplied to narrow-body, wide-body and regional aircraft. In most cases, we enter exclusive relationships with OEM manufacturers for a given market where we are the only provider of that supplier’s product category. We provide global scale, independence, and highly technical sales capabilities across both commercial and government end-markets.

#### *Repair & Engineering*

Our airframe maintenance services are primarily comprised of major airframe inspection, MRO, painting services, line maintenance, airframe modifications, structural repairs, avionics service and installation, exterior and interior refurbishment and engineering services and support for many types of commercial and military aircraft. Component repair services are primarily comprised of MRO services for structural components, engine and airframe accessories, and interior refurbishment. Our landing gear overhaul services also include repair services on wheels and brakes for commercial and military aircraft.

Our Repair & Engineering segment also develops Parts Manufacturer Approval (“PMA”) parts for aftermarket applications. PMA is a designation under Federal Aviation Administration (“FAA”) regulations that permits the design of approved parts for specific aircraft components that can be provided by non-OEM sources at cost-efficient and sometimes improved availability.

On December 19, 2024, we entered into an agreement to divest our Landing Gear Overhaul (“LGO”) business to GA Telesis for \$51 million subject to post-closing adjustments for working capital, cash, and debt. The sale is expected to close in the fourth quarter of fiscal 2025, subject to customary and regulatory closing conditions. We expect to realize net proceeds of approximately \$44.5 million from the sale of the LGO business which reflects selling costs and an estimated working capital adjustment. We recognized a non-cash, pre-tax impairment charge of \$63.0 million in the third quarter of fiscal 2025 to adjust the carrying value of the LGO assets to their

estimated fair value. Goodwill of \$14.6 million was reclassified to assets held for sale and was included in the determination of the impairment charge. In connection with the decision to exit the LGO business, the LGO assets and liabilities have been reclassified as assets and liabilities held for sale beginning in the third quarter of fiscal 2025.

We continue to progress with the construction of the expansion of our Miami and Oklahoma City airframe maintenance facilities to meet growing customer demand. In Miami, we are constructing a 114,000 square foot facility with three bays adjacent to our existing hangar. We have experienced delays and cost overruns but expect incremental government reimbursements to offset a portion of these increased construction costs. We now anticipate the facility to be complete and operational in the first half of fiscal 2027. In Oklahoma City, we are constructing an 80,000 square foot facility with three bays and warehouse space adjacent to our existing hangar. The facility is expected to be complete and operational in the second half of fiscal 2026.

#### *Integrated Solutions*

Our Integrated Solutions segment primarily consists of our fleet management and operations of customer-owned aircraft, customized performance-based supply chain logistics programs in support of the DoD and foreign governments, flight hour component inventory and repair programs for commercial airlines and integrated software solutions including Trax.

Fleet management and operations of customer-owned aircraft is performed for the U.S. Department of State (“DoS”) under the INL/A WASS contract. We are the prime contractor on this ten-year performance-based contract which began in fiscal 2018. Our services under the contract include operating and maintaining the global DoS fleet of fixed- and rotary-wing aircraft.

Supply chain logistics programs are primarily comprised of material planning, sourcing, logistics, information and program management and parts and component repair and overhaul. Flight hour component inventory and repair programs for commercial airlines are primarily comprised of outsourcing programs for airframe parts and components including warranty claim management in support of our airline customers’ maintenance activities.

Our integrated software solutions are primarily comprised of our Trax software which we recently acquired in fiscal 2023. Trax has the first fully cloud-based electronic enterprise resource platform for the MRO industry and also offers a full suite of “paperless” mobility apps that are in process of automating MRO workflows with artificial intelligence.

#### *Expeditionary Services*

The Expeditionary Services segment primarily consists of products and services supporting the movement of equipment and personnel by the U.S. and foreign governments and non-governmental organizations. We design, manufacture, and repair transportation pallets and a wide variety of containers and shelters used in support of military and humanitarian tactical deployment activities. The containers and shelters are used in numerous mission requirements, including armories, supply and parts storage, refrigeration systems, tactical operation centers, briefing rooms, laundry and kitchen facilities, water treatment, and sleeping quarters. Shelters include both stationary and vehicle-mounted applications. We also provide engineering, design, and system integration services for specialized command and control systems.

Over the long-term, we expect to see strength in our aviation products and services given our offerings of value-added solutions to both commercial and government and defense customers. We believe long-term commercial aftermarket growth trends are favorable. As we continue to invest in the pipeline of opportunities in the government market, our long-term strategy continues to emphasize investing in the business and capitalizing on opportunities in both the commercial and government markets.

## Discussion of Results of Operations

### Three- and Nine-Month Periods Ended February 28/29, 2025 and 2024

	Three Months Ended February 28/29,			Nine Months Ended February 28/29,		
	2025	2024	% Change	2025	2024	% Change
<b>Sales:</b>						
Commercial	\$ 485.5	\$ 399.2	21.6 %	\$ 1,458.6	\$ 1,176.9	23.9 %
Government and defense	192.7	168.1	14.6 %	567.4	485.5	16.9 %
	<u>\$ 678.2</u>	<u>\$ 567.3</u>	19.5 %	<u>\$ 2,026.0</u>	<u>\$ 1,662.4</u>	21.9 %
<b>Gross Profit:</b>						
Commercial	\$ 95.6	\$ 79.1	20.9 %	\$ 286.2	\$ 233.4	22.6 %
Government and defense	36.1	31.2	15.7 %	91.3	81.6	11.9 %
	<u>\$ 131.7</u>	<u>\$ 110.3</u>	19.4 %	<u>\$ 377.5</u>	<u>\$ 315.0</u>	19.8 %
<b>Gross Profit Margin:</b>						
Commercial	19.7 %	19.8 %		19.6 %	19.8 %	
Government and defense	18.7 %	18.6 %		16.1 %	16.8 %	
Consolidated	19.4 %	19.4 %		18.6 %	18.9 %	

### Three Month Period Ended February 28, 2025

Consolidated sales for the third quarter of fiscal 2025 increased \$110.9 million, or 19.5%, over the prior year quarter primarily due to an increase in sales to commercial customers. Consolidated sales to commercial customers increased \$86.3 million, or 21.6%, over the prior year quarter primarily due to the acquisition of the Product Support business in the fourth quarter of fiscal 2024 and strong demand and volume growth in our Parts Supply segment from new parts distribution activities. Our consolidated sales to government customers increased \$24.6 million, or 14.6%, primarily due to the contribution from the recent Product Support acquisition and increased pallet volume in our Mobility business.

Consolidated cost of sales increased \$89.5 million, or 19.6%, over the prior year quarter which was largely in line with the consolidated sales increase of 19.5% discussed above.

Consolidated gross profit for the third quarter of fiscal 2025 increased \$21.4 million, or 19.4%, over the prior year quarter. Gross profit on sales to commercial customers increased \$16.5 million, or 20.9%, over the prior year quarter due to the acquisition of the Product Support business. Gross profit margin on sales to commercial customers decreased slightly to 19.7% from 19.8% in the prior year quarter primarily due to lower margins in our aftermarket parts trading activities.

Gross profit on sales to government customers increased \$4.9 million, or 15.7%, over the prior year quarter. Gross profit on sales to government customers increased primarily due to strong demand and volume growth across our new parts distribution activities. Gross profit margin on sales to government customers increased to 18.7% from 18.6% primarily due to volume growth in our new parts distribution activities.

#### *Selling, General, and Administrative Expenses*

Selling, general and administrative expenses decreased \$15.7 million, or 20.4%, from the prior year quarter primarily due to the de-recognition of the \$11.2 million Russian legal liability resulting from the ruling which reversed the previous judgment against us. In addition, we recognized acquisition-related costs and amortization expense of \$5.3 million in the current year quarter compared to \$12.2 million in the prior year quarter.

#### *Interest Expense*

Interest expense increased \$6.6 million in the third quarter of fiscal 2025 reflecting the impact of higher average borrowings used to fund investments in the business, including our acquisition of Product Support business in the fourth quarter of fiscal 2024. Our average borrowing rate was 6.38% in the third quarter of fiscal 2025 compared to 6.82% in the prior year quarter.

### *Income Taxes*

Our income tax benefit was \$2.2 million in the third quarter of fiscal 2025 compared to income tax expense of \$6.5 million in the prior year quarter. The decrease in expense was driven by the change from pre-tax income in the prior year quarter to a pre-tax loss in the current year quarter due to the \$63.0 million impairment charge on the pending divestiture of our LGO business.

### **Nine-Month Period Ended February 28, 2025**

Consolidated sales for the nine-month period ended February 28, 2025 increased \$363.6 million, or 21.9%, over the prior year period primarily due to an increase in sales to commercial customers. Consolidated sales to commercial customers increased \$281.7 million, or 23.9%, over the prior year period primarily due to the acquisition of the Product Support business in the fourth quarter of fiscal 2024 and strong demand and volume growth in our Parts Supply segment from our new parts distribution activities. Our consolidated sales to government customers increased \$81.9 million, or 16.9%, primarily due to the Product Support acquisition and volume growth in our Parts Supply segment from our new parts distribution activities.

In addition, our Mobility business received a stop-work order from our U.S. Government customer on the Next Generation Pallet contract as the program was terminated for convenience by the customer in the first quarter of fiscal 2025. In conjunction with the termination, we recognized sales of \$13.5 million reflecting the estimated recovery on our incurred costs.

Consolidated cost of sales increased \$301.1 million, or 22.3%, over the prior year period which was largely in line with the consolidated sales increase of 21.9% discussed above.

Consolidated gross profit for the nine-month period ended February 28, 2025 increased \$62.5 million, or 19.8%, over the prior year period. Gross profit on sales to commercial customers increased \$52.8 million, or 22.6%, over the prior year period primarily due to the acquisition of the Product Support business. Gross profit margin on sales to commercial customers decreased to 19.6% from 19.8% in the prior year period primarily due to lower margins in our aftermarket parts trading activities.

Gross profit on sales to government customers increased \$9.7 million, or 11.9%, over the prior year period. Gross profit on sales to government customers increased primarily due to strong demand and volume growth across our new parts distribution activities. Gross profit margin on sales to government customers decreased to 16.1% from 16.8% primarily due to exit-related costs and inefficiencies associated with the closing of our Garden City, New York component repair facility.

### *Selling, General, and Administrative Expenses*

Selling, general and administrative expenses increased \$52.9 million, or 24.3%, over the prior year period primarily due to increased costs of \$65.3 million related to the previously disclosed FCPA investigations and settlement. This increase was partially offset by the de-recognition of the \$11.2 million Russian legal liability resulting from the ruling which reversed the previous judgment against us.

### *Pension Settlement Charge*

During the first quarter of fiscal 2024, we settled all future obligations under our frozen U.S. defined benefit retirement plan. The settlement included a combination of lump-sum payments to participants who elected to receive them and the transfer of the remaining benefit obligations to a third-party insurance company under a group annuity contract. As a result of the settlements, we recognized a non-cash, pre-tax pension settlement charge of \$26.7 million (\$16.1 million after-tax) in fiscal 2024 related to the accelerated recognition of all unamortized net actuarial losses in Accumulated other comprehensive loss.

### *Interest Expense*

Interest expense for the nine-month period ended February 28, 2025 increased \$32.7 million reflecting the impact of higher average borrowings used to fund investments in the business, including our acquisition of Product Support businesses in the fourth quarter of fiscal 2024. Our average borrowing rate was 6.66% for the nine-month period ended February 28, 2025 compared to 6.67% in the prior year period.

## Income Taxes

Our income tax expense was \$12.8 million for the nine-month period ended February 28, 2025 while our loss before income taxes was \$8.7 million. The majority of the FCPA settlement charge is nondeductible for income tax purposes resulting in no income tax benefit.

Our income tax expense was \$7.5 million for the nine-month period ended February 29, 2024 while our income before income taxes was \$44.7 million. The effective income tax rate of 16.8% was impacted by the accelerated recognition of all unamortized net actuarial losses in Accumulated other comprehensive loss.

## Operating Segment Results of Operations

### Three-Month Periods Ended February 28/29, 2025 and 2024

#### Parts Supply Segment

	Three Months Ended February 28/29,		
	2025	2024	% Change
Third-party sales	\$ 270.7	\$ 242.3	11.7 %
Operating income	45.4	31.1	46.0 %
Operating margin	16.8 %	12.8 %	

Sales in the Parts Supply segment increased \$28.4 million, or 11.7%, over the prior year quarter primarily due to a \$25.7 million increase in sales in our new parts distribution activities from increased demand and growth from new and expanded distribution agreements. Whole asset sales in our aftermarket parts trading activities increased \$22.2 million in the third quarter of fiscal 2025 from the prior year quarter.

Operating income in the Parts Supply segment increased \$14.3 million, or 46.0%, over the prior year quarter, primarily due to the de-recognition of the \$11.2 million Russian legal liability resulting from the ruling which reversed the previous judgment against us.

#### Repair & Engineering Segment

	Three Months Ended February 28/29,		
	2025	2024	% Change
Third-party sales	\$ 215.9	\$ 140.8	53.3 %
Operating income	19.0	11.5	65.2 %
Operating margin	8.8 %	8.2 %	

Sales in the Repair & Engineering segment increased \$75.1 million, or 53.3%, over the prior year quarter primarily due to the acquisition of the Product Support business in the fourth quarter of fiscal 2024 which contributed sales of \$72.8 million inclusive of repair services transferred from our Garden City, New York location as part of our ongoing integration activities.

Operating income in the Repair & Engineering segment increased \$7.5 million, or 65.2%, over the prior year quarter primarily due to the Product Support acquisition. Operating margin increased to 8.8% from 8.2% in the prior year quarter, reflecting the favorability of the higher margin Product Support business.

#### Integrated Solutions Segment

	Three Months Ended February 28/29,		
	2025	2024	% Change
Third-party sales	\$ 162.9	\$ 165.5	(1.6)%
Operating income	9.6	8.6	11.6 %
Operating margin	5.9 %	5.2 %	

Sales in the Integrated Solutions segment decreased \$2.6 million, or 1.6%, from the prior year quarter primarily due to lower government program activity.

Operating income in the Integrated Solutions segment increased \$1.0 million, or 11.6%, over the prior year quarter. The increase was driven by improved profitability across our government programs partially offset by lower profitability across our commercial programs. Operating margin increased to 5.9% from 5.2% in the prior year quarter primarily due to the mix of products and services across our commercial and government programs.

#### *Expeditionary Services Segment*

	Three Months Ended February 28/29,		
	2025	2024	% Change
Third-party sales	\$ 28.7	\$ 18.7	53.5 %
Operating income	6.4	0.9	611.1 %
Operating margin	22.3 %	4.8 %	

Sales in the Expeditionary Services segment increased \$10.0 million, or 53.5%, over the prior year period primarily due to higher sales volumes for pallets. In addition, we recognized sales of \$4.0 million reflecting the revised estimated recovery on our incurred costs for the Next Generation Pallet contract that was terminated for convenience by the customer.

Operating income in the Expeditionary Services segment increased \$5.5 million, or 611.1%, over the prior year quarter with the operating margin increased to 22.3% from 4.8% in the prior year quarter. These increases were attributable to the pallet-related items previously discussed.

#### **Nine-Month Periods Ended February 28/29, 2025 and 2024**

#### *Parts Supply Segment*

	Nine Months Ended February 28/29,		
	2025	2024	% Change
Third-party sales	\$ 794.1	\$ 706.7	12.4 %
Operating income	107.1	74.6	43.6 %
Operating margin	13.5 %	10.6 %	

Sales in the Parts Supply segment for the nine-month period ended February 28, 2025 increased \$87.4 million, or 12.4%, over the prior year period primarily due to a \$87.9 million increase in sales in our new parts distribution activities from increased demand and growth from new and expanded distribution agreements. Whole asset sales in our aftermarket parts trading activities increased \$3.2 million over the prior year period.

Operating income in the Parts Supply segment increased \$32.5 million, or 43.6%, over the prior year period primarily due to improved profitability from the increased sales volume within our new parts distribution activities. In addition, the de-recognition of the \$11.2 million Russian legal liability contributed to the improved profitability.

#### *Repair & Engineering Segment*

	Nine Months Ended February 28/29,		
	2025	2024	% Change
Third-party sales	\$ 662.3	\$ 423.7	56.3 %
Operating income	62.9	31.9	97.2 %
Operating margin	9.5 %	7.5 %	

Sales in the Repair & Engineering segment for the nine-month period ended February 28, 2025 increased \$238.6 million, or 56.3%, over the prior year period primarily due to the acquisition of the Product Support business in the fourth quarter of fiscal 2024 which contributed sales of \$221.8 million inclusive of repair services transferred from our Garden City, New York location as part of our ongoing integration activities. In addition, sales increased \$26.6 million at our airframe maintenance facilities.

Operating income in the Repair & Engineering segment increased \$31.0 million, or 97.2%, over the prior year period primarily due to the Product Support acquisition. Operating margin increased to 9.5% from 7.5% in the prior year period, reflecting the favorability of the higher margin Product Support business.

### *Integrated Solutions Segment*

	Nine Months Ended February 28/29,		
	2025	2024	% Change
Third-party sales	\$ 495.2	\$ 478.4	3.5 %
Operating income	23.8	22.7	4.8 %
Operating margin	4.8 %	4.7 %	

Sales in the Integrated Solutions segment for the nine-month period ended February 28, 2025 increased \$16.8 million, or 3.5%, over the prior year period primarily due to higher commercial program activity.

Changes in estimates and assumptions related to our arrangements accounted for using the cost-to-cost method are recorded using the cumulative catch-up method of accounting. In the nine-month period ended February 28, 2025, we recognized favorable cumulative catch-up adjustments of \$2.4 million compared to net favorable cumulative catch-up adjustments of \$2.7 million in the prior year period. These adjustments primarily relate to our long-term, power-by-the-hour programs where we provide component inventory management and repair services as well as certain long-term government programs.

Operating income in the Integrated Solutions segment increased \$1.1 million, or 4.8%, over the prior year period primarily due to improved profitability across our Trax software solutions. Operating margin increased to 4.8% from 4.7% in the prior year period primarily due to the mix of products and services across our commercial and government programs.

### *Expeditionary Services Segment*

	Nine Months Ended February 28/29,		
	2025	2024	% Change
Third-party sales	\$ 74.4	\$ 53.6	38.8 %
Operating income	6.9	3.1	122.6 %
Operating margin	9.3 %	5.8 %	

Sales in the Expeditionary Services segment for the nine-month period ended February 28, 2025 increased \$20.8 million, or 38.8%, over the prior year period. We recognized sales of \$13.5 million reflecting the estimated recovery on our incurred costs for the Next Generation Pallet contract that was terminated for convenience by the customer.

Operating income in the Expeditionary Services segment increased \$3.8 million, or 122.6%, over the prior year period with the operating margin increased to 9.3% from 5.8% in the prior year period. These increases were primarily attributable to the higher sales volume for pallets.

### **Liquidity, Capital Resources and Financial Position**

Our operating activities are funded and commitments met through the generation of cash from operations. Our ability to generate cash from operations is influenced primarily by our operating performance and changes in working capital. In addition to operations, our current capital resources include an unsecured revolving credit facility under the Credit Agreement referred to below and an accounts receivable financing program. Periodically, we may also raise capital through common stock and debt financings in the public or private markets. We continually evaluate various financing arrangements, including the issuance of common stock or debt, which would allow us to improve our liquidity position and finance future growth on commercially reasonable terms. Our continuing ability to borrow from our lenders and issue debt and equity securities to the public and private markets in the future may be negatively affected by a number of factors, including the overall health of the credit markets, general economic conditions, airline industry conditions, geo-political events, our debt service obligations, and our operating performance.

At February 28, 2025, our liquidity and capital resources included working capital of \$989.6 million inclusive of cash of \$84.4 million. We expect that our cash on hand, coupled with future cash flows from operations and other available sources of liquidity discussed below, will provide ample liquidity to enable us to meet our cash requirements for at least the next 12 months and foreseeable future thereafter.

## *Borrowings*

On December 14, 2022, we entered into a new credit agreement with various financial institutions as lenders and Wells Fargo Bank, N.A. as administrative agent for the lenders (the “Credit Agreement”) that included an unsecured revolving credit facility (the “Revolving Credit Facility”) that we can draw upon for working capital and general corporate purposes.

On March 1, 2024, we entered into an amendment (the “Revolver Amendment”) to our Credit Agreement, which governs the Company’s existing revolving credit facility (the revolving credit facility as amended by the Revolver Amendment, the “Amended Revolving Credit Facility”). Among other things, the Revolver Amendment (i) increased the aggregate commitments under the Amended Revolving Credit Facility to \$825.0 million from \$620.0 million under the Revolving Credit Facility, (ii) increased the maximum leverage ratio permitted under the financial covenants applicable to the Amended Revolving Credit Facility and (iii) included an additional pricing level that increases the interest rate margins on the Amended Revolving Credit Facility to 250 basis points (in the case loans based on the secured overnight financing rate (“SOFR”)) and 150 basis points (in the case of Base Rate loans as defined in the Revolver Amendment) if our Adjusted Total Debt to EBITDA Ratio as defined in the Revolver Amendment exceeds 3.75:1.00.

Under certain circumstances, we may request an increase to the lending commitments under the Credit Agreement by an aggregate amount of up to \$300 million, not to exceed \$1,125 million in total. The Credit Agreement expires on December 14, 2027. Borrowings under the Credit Agreement bear interest at a variable rate based on SOFR plus 112.5 to 250 basis points based on certain financial measurements if a SOFR loan, or at the offered fluctuating Base Rate plus 12.5 to 150 basis points based on certain financial measurements if a Base Rate loan.

At February 28, 2025, borrowings outstanding under the Amended Revolving Credit Facility were \$482.0 million and there were approximately \$7.8 million of outstanding letters of credit, which reduced the availability under this facility to \$335.2 million. There are no other terms or covenants limiting the availability of the Amended Revolving Credit Facility. As of February 28, 2025, we also had other financing arrangements that did not limit availability on our Amended Revolving Credit Facility, including foreign lines of credit of \$9.2 million.

On March 1, 2024, we issued \$550.0 million aggregate principal amount of 6.75% Senior Notes due 2029 (the “Notes”) to fund a portion of the purchase price for the acquisition of the Product Support business. The Notes bear interest at a rate of 6.75% per year, payable semiannually in cash in arrears on March 15 and September 15 of each year, commencing September 15, 2024. The Notes will mature on March 15, 2029.

At any time prior to March 15, 2026, the Company may redeem the Notes, in whole or in part, at a redemption price equal to 100% of the principal amount of the Notes to be redeemed, plus accrued and unpaid interest, if any, to, but excluding, the redemption date plus an applicable “make-whole” premium. At any time prior to March 15, 2026, the Company may also redeem up to 40% of the Notes with net cash proceeds of certain equity offerings at a redemption price equal to 106.75% of the principal amount of the Notes to be redeemed, plus accrued and unpaid interest, if any, to, but excluding, the redemption date. On or after March 15, 2026, the Company may redeem the Notes, in whole or in part, at specified redemption prices ranging from 100.000% to 103.375% depending on the date of redemption.

Our financing arrangements require us to comply with leverage and interest coverage ratios and comply with certain affirmative and negative covenants, including those relating to financial reporting and notification, compliance with applicable laws, and limitations on additional liens, indebtedness, acquisitions, investments and disposition of assets. Our financing arrangements also generally require our significant domestic subsidiaries to provide a guarantee of payment. At February 28, 2025, we were in compliance with the financial and other covenants under each of our financing arrangements.

## *Sale of Receivables*

We maintain a Purchase Agreement with Citibank N.A. (“Purchaser”) for the sale, from time to time, of certain accounts receivable due from certain customers (the “Purchase Agreement”). Under the Purchase Agreement, the maximum amount of receivables sold is limited to \$150.0 million and Purchaser may, but is not required to, purchase the eligible receivables we offer to sell. The term of the Purchase Agreement expires after February 22, 2026, but, the Purchase Agreement may be terminated earlier under certain circumstances. The term of the Purchase Agreement is automatically extended for annual terms unless either party provides advance notice that they do not intend to extend the term.

We have no retained interests in the sold receivables, other than limited recourse obligations in certain circumstances, and only perform collection and administrative functions for the Purchaser. We account for these receivable transfers as sales under Accounting

Standards Codification 860, *Transfers and Servicing*, and de-recognize the sold receivables from our Condensed Consolidated Balance Sheet. At February 28, 2025, we had utilized \$13.4 million which reduced the availability under the Purchase Agreement to \$136.6 million.

#### *Customer Matters*

During fiscal 2024, we experienced delayed collections from one of our significant regional airline customers and issued the customer a Notice of Payment and Other Defaults during the second quarter of fiscal 2024 to request payment and reserve our rights under our agreements. In the fourth quarter of fiscal 2024, we terminated a power-by-the-hour (“PBH”) program with this customer which resulted in a net termination charge of \$4.8 million. The charge included a reduction in contract assets and revenue of \$7.8 million and the establishment of repair reserves of \$2.5 million partially offset by a \$5.5 million gain recognized from the customer’s obligation to purchase the rotatable assets we utilized to perform the PBH services. In conjunction with the termination for default, the customer is obligated to purchase the rotatable assets for \$20.9 million. The rotatable assets are classified as assets held for sale and the carrying value of the assets is presented within Prepaid assets and other current assets on our Condensed Consolidated Balance Sheets.

We currently expect full payment from the customer of all amounts due under the terminated agreement and all other agreements and do not believe a reserve for credit loss is warranted. Our Condensed Consolidated Balance Sheet as of February 28, 2025 included accounts receivable of \$14.9 million, including \$7.8 million past due, and contract assets of \$10.0 million related to this customer.

#### *Stock Repurchase Program*

On December 16, 2021, our Board of Directors authorized a renewal of our stock repurchase program, under which we may repurchase up to \$150 million of our common stock with no expiration date. No repurchases were made during the three-month period ended February 28, 2025. Since inception of the renewal authorization, we have repurchased 2.2 million shares for an aggregate purchase price of \$97.5 million. The timing and amount of repurchases are subject to prevailing market conditions and other considerations, including our liquidity and acquisition and other investment opportunities.

#### *Cash Flows from Operating Activities*

Net cash used in operating activities was \$15.3 million in the nine-month period ended February 28, 2025 compared to cash provided of \$19.1 million in the prior year period. The decrease in the cash provided by operating activities over the prior year of \$34.4 million was primarily attributable to the \$55.6 million payment associated with our FCPA settlement with the DOJ and SEC. This decrease was partially offset by working capital changes, including the timing of collections on our accounts receivable. During the third quarter of fiscal 2025, we received a \$50 million prepayment from a customer for which \$27.1 million remained as deferred revenue at February 28, 2025.

#### *Cash Flows from Investing Activities*

Net cash used in investing activities was \$16.9 million in the nine-month period ended February 28, 2025 compared to \$26.8 million in the prior year period. The decrease in cash used in investing activities from the prior year of \$9.9 million was primarily related to the sale of a building with proceeds of \$4.7 million and the favorable resolution of post-closing, purchase price adjustments of \$2.9 million for the Product Support business acquisition with both occurring in the current year period. In addition, we received \$2.2 million of proceeds from the exit of our Indian joint venture in the current year period.

#### *Cash Flows from Financing Activities*

Net cash provided by financing activities was \$37.0 million in the nine-month period ended February 28, 2025 compared to \$9.5 million in the prior year period. The increase in cash provided by financing activities over the prior year of \$27.5 million was primarily related to higher borrowings on our Revolving Credit Facility in the current year period.

## Critical Accounting Policies and Significant Estimates

We make a number of significant estimates, assumptions and judgments in the preparation of our financial statements. See *Management's Discussion and Analysis of Financial Condition and Results of Operations* in our Annual Report on Form 10-K for the year ended May 31, 2024 for a discussion of our critical accounting policies. There have been no significant changes to the application of our critical accounting policies during the third quarter of fiscal 2025.

## Forward-Looking Statements

This report contains certain forward-looking statements as that term is defined in the Private Securities Litigation Reform Act of 1995. Forward-looking statements often address our expected future operating and financial performance and financial condition, or targets, goals, commitments, and other business plans, and often may also be identified because they contain words such as “anticipate,” “believe,” “continue,” “could,” “estimate,” “expect,” “intend,” “likely,” “may,” “might,” “plan,” “potential,” “predict,” “project,” “seek,” “should,” “target,” “will,” “would,” or similar expressions and the negatives of those terms.

These forward-looking statements are based on beliefs of our management, as well as assumptions and estimates based on information available to us as of the dates such assumptions and estimates are made, and are subject to certain risks and uncertainties that could cause actual results to differ materially from historical results or those anticipated, depending on a variety of factors, including: (i) factors that adversely affect the commercial aviation industry; (ii) adverse events and negative publicity in the aviation industry; (iii) a reduction in sales to the U.S. government and its contractors; (iv) cost overruns and losses on fixed-price contracts; (v) nonperformance by subcontractors or suppliers; (vi) a reduction in outsourcing of maintenance activity by airlines; (vii) a shortage of skilled personnel or work stoppages; (viii) competition from other companies; (ix) financial, operational and legal risks arising as a result of operating internationally; (x) inability to integrate acquisitions effectively and execute operational and financial plans related to the acquisitions; (xi) failure to realize the anticipated benefits of acquisitions; (xii) circumstances associated with divestitures; (xiii) inability to recover costs due to fluctuations in market values for aviation products and equipment; (xiv) cyber or other security threats or disruptions; (xv) a need to make significant capital expenditures to keep pace with technological developments in our industry; (xvi) restrictions on use of intellectual property and tooling important to our business; (xvii) inability to fully execute our stock repurchase program and return capital to stockholders; (xviii) limitations on our ability to access the debt and equity capital markets or to draw down funds under loan agreements; (xix) non-compliance with restrictive and financial covenants contained in our debt and loan agreements; (xx) changes in or non-compliance with laws and regulations related to federal contractors, the aviation industry, international operations, safety, and environmental matters, and the costs of complying with such laws and regulations; and (xxi) exposure to product liability and property claims that may be in excess of our liability insurance coverage. Should one or more of these risks or uncertainties materialize adversely, or should underlying assumptions or estimates prove incorrect, actual results may vary materially from those described.

For a discussion of these and other risks and uncertainties, refer to our Annual Report on Form 10-K, Part I, “Item 1A, Risk Factors” and our other filings from time to time with the SEC. These events and uncertainties are difficult or impossible to predict accurately and many are beyond our control. The risks described in these reports are not the only risks we face, as additional risks and uncertainties are not currently known or foreseeable or impossible to predict accurately or risks that are beyond our control or deemed immaterial may materially adversely affect our business, financial condition or results of operations in future periods. We assume no obligation to update any forward-looking statements to reflect events or circumstances after the date of such statements or to reflect the occurrence of anticipated or unanticipated events, except as required by law.

### **Item 3 – Quantitative and Qualitative Disclosures About Market Risk**

Our exposure to market risk includes fluctuating interest rates under our credit agreements, changes in foreign exchange rates, and credit losses on accounts receivable. See Note 1 of Notes to Consolidated Financial Statements in our Annual Report on Form 10-K for the year ended May 31, 2024 for a discussion of accounts receivable exposure.

*Foreign Currency Risk.* Revenues and expenses of our foreign operations are translated at average exchange rates during the period, and balance sheet accounts are translated at period-end exchange rates. Balance sheet translation adjustments are excluded from the results of operations and are recorded in stockholders' equity as a component of accumulated other comprehensive loss. A hypothetical 10 percent devaluation of the U.S. dollar against foreign currencies would not have had a material impact on our financial position or operations for the quarter ended February 28, 2025.

*Interest Rate Risk.* Refer to the section Quantitative and Qualitative Disclosures about Market Risk in our Annual Report on Form 10-K for the year ended May 31, 2024. There were no significant changes during the quarter ended February 28, 2025.

### **Item 4 – Controls and Procedures**

#### *Evaluation of Disclosure Controls and Procedures*

As required by Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, we conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures as of February 28, 2025. This evaluation was carried out under the supervision and with participation of our Chief Executive Officer and our Chief Financial Officer. There are inherent limitations to the effectiveness of any system of disclosure controls and procedures. Therefore, effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives. Based upon our evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of February 28, 2025 to provide reasonable assurance that information required to be disclosed in the reports that are filed under the Securities Exchange Act of 1934 is recorded, processed, summarized, and reported in a timely manner.

There were no changes in our internal control over financial reporting during the quarter ended February 28, 2025 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## **PART II – OTHER INFORMATION**

### **Item 1 – Legal Proceedings**

The information in Note 16 to the Condensed Consolidated Financial Statements contained in Part I, Item 1 of this Quarterly Report on Form 10-Q is incorporated herein by reference. There are no matters which constitute material pending legal proceedings to which we are a party other than those incorporated into this item by reference from Note 16 to our Condensed Consolidated Financial Statements for the quarter ended February 28, 2025 contained in this Quarterly Report on Form 10-Q.

### **Item 1A – Risk Factors**

There have been no material changes in the risk factors disclosed in Part I, Item 1A “Risk Factors” contained in our Annual Report on Form 10-K for the fiscal year ended May 31, 2024.

### **Item 5 – Other Information**

During the three months ended February 28, 2025, none of our directors or “officers” (as defined in Rule 16a-1(f) promulgated under the Exchange Act) adopted, modified or terminated a “Rule 10b5-1 trading arrangement” or a “non-Rule 10b5-1 trading arrangement” as such terms are defined under Item 408 of Regulation S-K.

## Item 6 – Exhibits

The exhibits to this report are listed on the following index:

Exhibit No.	Description	Exhibits
3.	Articles of Incorporation and By-Laws	3.1 <a href="#">By-Laws of AAR CORP. (as amended and restated through January 22, 2025) (incorporated by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K filed January 23, 2025).</a>
10.	Material Contracts	10.1 <a href="#">Fifth Amendment to Purchase Agreement, dated as of December 3, 2024, by and between AAR CORP., as seller representative, servicer and parent, and Citibank, N.A., as buyer (incorporated by reference to Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended November 30, 2024).</a> 10.2* <a href="#">Separation Agreement and Release by and between AAR CORP. and Tracey Patterson dated January 6, 2025 (filed herewith).</a> 10.3 <a href="#">Amendment No. 2 to Credit Agreement, dated as of February 27, 2025, by and among AAR CORP., as borrower, the lenders party thereto and Wells Fargo Bank, N.A., as administrative agent (filed herewith).</a>
31.	Rule 13a-14(a)/15(d)-14(a) Certifications	31.1 <a href="#">Section 302 Certification of Chief Executive Officer of Registrant (filed herewith).</a> 31.2 <a href="#">Section 302 Certification of Chief Financial Officer of Registrant (filed herewith).</a>
32.	Section 1350 Certifications	32.1 <a href="#">Section 906 Certification of Chief Executive Officer of Registrant (filed herewith).</a> 32.2 <a href="#">Section 906 Certification of Chief Financial Officer of Registrant (filed herewith).</a>
101.	Interactive Data File	101 The following materials from the Registrant's Quarterly Report on Form 10-Q for the quarter ended February 28, 2025, formatted in Inline XBRL (eXtensible Business Reporting Language): (i) Condensed Consolidated Balance Sheets at February 28, 2025 and May 31, 2024, (ii) Condensed Consolidated Statements of Operations for the three- and nine-months ended February 28/29, 2025 and 2024, (iii) Condensed Consolidated Statements of Comprehensive Income (Loss) for the three- and nine-months ended February 28/29, 2025 and 2024, (iv) Condensed Consolidated Statements of Cash Flows for the nine-months ended February 28/29, 2025 and 2024, (v) Condensed Consolidated Statement of Changes in Equity for the three- and nine-months ended February 28/29, 2025 and 2024, and (vi) Notes to Condensed Consolidated Financial Statements.**
104.	Cover Page Interactive Data File	104 Cover Page Interactive Data File (embedded within the Inline XBRL document and contained in Exhibit 101).

\* Management contracts and compensatory arrangements.

\*\* Pursuant to Rule 406T of Regulation S-T, the Interactive Data Files on Exhibit 101 hereto are deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, are deemed not filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and otherwise are not subject to liability under those sections.

SIGNATURES

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

AAR CORP.  
\_\_\_\_\_  
(Registrant)

Date: March 27, 2025      /s/ SEAN M. GILLEN  
Sean M. Gillen  
*Senior Vice President and Chief Financial Officer*  
(Principal Financial Officer)



January 3, 2025

Tracey Patterson

Re: Separation Agreement and Release (the "Agreement").

Dear Tracey:

This will confirm the terms and conditions of your separation from employment with AAR Corp. ("AAR" or the "Company"). In consideration of the circumstances of your separation from AAR, AAR is offering you the following separation benefits subject to the terms and conditions of this Agreement:

1. **Separation Date.** Your separation date will be January 10, 2025.
    - (a) You agree that you will return all AAR property including keys, identification cards, credit cards, computer hardware and software, telecommunications equipment, and all files, records and other documents prepared or received in the course of your employment except documents reflecting your compensation and benefits, including any documents and information contained on your personal devices or computer prior to your separation date.
    - (b) You agree that you resign all executive roles with the Company and agree to cooperate with any required documentation to effectuate such resignation.
  2. **Separation Benefits.** In consideration of all of your promises under this Agreement, AAR will provide you with the following separation benefits ("Separation Benefits"):
    - (a) AAR will pay you a lump sum payment equal to the gross amount of \$300,000, which represents a cash payment in an amount equal to the unvested portion of your stock award that is almost vested. The exercised and vested portions of your stock award shall continue to be governed by the terms of the applicable award and stock plan documents.
    - (b) The Separation Benefits shall be treated as supplemental wages for payroll tax purposes and subject to applicable tax and other payroll deductions, but shall not be treated as compensation for purposes of 401k contributions. AAR will pay you the Separation Benefits within 21 days after the Effective Date (defined below).
    - (c) You agree that the Separation Benefits represent adequate consideration for the promises contained in this Agreement and that you would not otherwise be entitled to these payments absent this Agreement. You agree and acknowledge that you are not entitled to any other payments from AAR.
-

3. **Confidential Information/Trade Secrets.** You acknowledge that during your employment you had access to confidential information and trade secrets which AAR or its affiliated companies regard and treat as confidential and which are not known or accessible to competitors or other third persons not having a legitimate need to know; which have value to AAR due to the confidentiality thereof; and which if disclosed would result in a substantial competitive and/or business disadvantage to AAR or its affiliated companies ("Confidential Information"). Such information includes but is not limited to operational and financial information, systems and processes; product design and technologies; customer names, contact, product and financial information; marketing strategies and plans; personnel strategies, plans and information; affiliation strategies and plans; reorganization strategies and plans; cost and pricing strategies, plans and data; vendors and suppliers; new product and service offerings; regulatory matters; legal matters; and internal investigations. Confidential Information shall not include information if (i) it has been published or is otherwise readily available to the public other than by a breach of this Agreement or any other agreement or (ii) it has been rightfully received by you from a third party without confidential limitations. So long as the information remains confidential, you shall not disclose or cause to be disclosed through others any Confidential Information to any third person without the express written consent of the CEO of AAR or his authorized designee, or as may be required by law. This paragraph shall be harmonized with any other agreements or provisions concerning your use or disclosure of confidential information to provide the greatest protection of Confidential Information available under law. This paragraph is not intended to replace any statutory rights and protections applicable to the unauthorized use or disclosure of trade secrets and confidential proprietary information.

Notwithstanding anything in this Agreement to the contrary, under the Federal Defend Trade Secrets Act of 2016, you may not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that (A) is made (i) in confidence to a federal, state or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal and provided you do not otherwise disclose such information except pursuant to court order.

4. **Adverse Comment Prohibited.** You will not write, say or do anything, now or at any time in the future, which would demean the reputation of AAR or its affiliated companies or which would in any way reflect negatively on AAR's or its affiliated companies' reputation as an employer, among its customers, in the business community generally, or in any other manner.
5. **Employee Non-Solicit.** You agree not to directly or indirectly solicit any Restricted Employee (as defined below) of AAR or its affiliated companies for a period of twelve (12) months following your termination of employment. "Restricted Employee" includes employee of AAR or its affiliates with whom you had supervisory responsibility or work-related contact, or about whom you acquired Confidential Information relating to compensation, benefits, performance evaluations or services.
6. **Reference.** AAR agrees to provide you with a positive reference in response to any request for reference check from a subsequent employer. Such reference should be directed to John H. Holmes and AAR agrees to respond with confirmation of dates of employment, most recent title, and will state that you resigned your employment.
7. **Non-Admission.** Nothing in this Agreement is intended or should be construed as an admission that AAR engaged in any unlawful or wrongful conduct.
-

8. **Release of Claims Against AAR.** As further consideration for the promises of AAR referred to in this Agreement, you do hereby fully, finally, and unconditionally release and forever discharge AAR and all of its affiliated companies, and all of their former and current directors, officers, employees, agents, and assigns, in their personal and corporate capacities, from any and all liabilities, actions, claims, rights, obligations, damages, costs, attorney's fees, suits and demands of any kind, known and unknown, liquidated and unliquidated, absolute or contingent, at law or in equity and enforceable under any local, state, or federal statute, ordinance or common law, including but not limited to: any claims related to your employment or separation from employment; claims for benefits or compensation under the Company's policies, procedures, or handbooks, or benefit plans; any claim under Title VII of the Civil Rights Act of 1964, as amended, the Americans With Disabilities Act, as amended, Section 1981 of the Civil Rights Act of 1866, the Age Discrimination in Employment Act of 1967, as amended by the Older Workers Benefit Protection Act of 1990, the Illinois Human Rights Act, the Illinois Whistleblower Act, or any other federal or state statute prohibiting discrimination in employment; and any claims related to your employment or separation which could be brought under common law, including but not limited to breach of implied or express contract, misrepresentation, fraud, estoppel, defamation, wrongful discharge, or violation of public policy. This general release does not apply to (i) your right to enforce this Agreement; (ii) the rights described in paragraph 14; (iii) any vested rights under any Company retirement or benefit plan; (iv) any claims which arise after you execute this Agreement; and (iv) any right to indemnification under the Company's bylaws, articles of incorporation, or applicable insurance policies.
9. **Severability.** If any provision of this Agreement is, in whole or in part, illegal or unenforceable under applicable law or public policy, then only such illegal or unenforceable part shall be void and of no effect, and the balance of this Agreement shall be construed to give effect to the intent of the parties to the greatest possible extent.
10. **Binding.** This Agreement is binding upon you and your heirs, executors, administrators, successors and assigns. The Company shall have the right to assign this Agreement.
11. **Entire Agreement.** This Agreement contains the entire understanding of the parties with respect to your separation from employment with AAR, and supersedes all other agreements or communications regarding such matters, including but not limited to other policies of AAR governing separation of employment and the terms of your December 19, 2022 Offer Letter.
12. **Choice of Law.** This Agreement shall be governed by, and construed in accordance with, the laws of the State of Illinois.
13. **Confidentiality.**
- (i) You agree that the terms, amount and other facts concerning this Agreement shall be confidential. You agree not to disclose any information relating to this Agreement to any third parties, including but not limited to other current or past employees of AAR. You may only disclose information relating to this Agreement to your spouse, accountants and attorneys, and to others if required by law.
  - (ii) You agree to keep confidential and not to make statements or disclosures (subject to the other provisions of this Agreement, including paragraph 14) regarding alleged unlawful employment practices by or at AAR; you certify that you wish to maintain confidentiality of information concerning such alleged unlawful employment practices, and that doing so is your preference and
-

confirm that such confidentiality is to the mutual benefit of you and AAR; and you certify that you have received valid bargained-for consideration in exchange for the confidentiality promise that you make in this paragraph. For purposes of this Agreement, alleged unlawful employment practices means alleged unlawful discrimination, harassment or retaliation.

14. **Protected Rights.** Nothing contained in this Agreement limits your ability to report possible violations of law or regulation to, or file a charge or complaint with, the Securities and Exchange Commission, the Equal Employment Opportunity Commission, the Department of Justice, the Congress, any Inspector General, or any other federal, state, or local governmental agency or commission ("Government Agencies"). You further understand this Agreement does not limit your ability to communicate with any Government Agencies or otherwise participate in any investigation or proceeding that may be conducted by any Government Agency, including providing documents or other information, without notice to the Company. Nothing contained in this Agreement limits the Company's or its affiliates' ability to report permissible violations of law or regulation to, or file a charge or complaint with, any Government Agencies. This Agreement does not limit the Company's or its affiliates' ability to communicate with any Government Agencies or otherwise participate in any investigation or proceeding that may be conducted by a Government Agency, including providing documents or other information, without notice to you.
  15. **Cooperation.** You agree to reasonably cooperate with the Company and its legal counsel with respect to any matter (including any litigation, investigation or governmental proceeding) that relates to your prior duties and responsibilities while employed by the Company and its affiliates, subject to the protected rights in paragraph 14, provided that such cooperation does not unreasonably interfere with your future employment duties and obligations. Your obligation to cooperate shall include, without limitation, meeting and conferring with such persons at such times and in such places as the Company may reasonably request, and giving truthful information, evidence and truthful testimony and executing and delivering to the Company any truthful papers reasonably requested by any of them, and (except to the extent prohibited by law) providing immediate notice to the Company of any subpoena, lawsuit, administrative proceeding or summons (along with copies of such documents). Such cooperation may include appearing from time to time at such locations as the Company may reasonably request and in general providing the Company's officers and legal counsel with the full benefit of your knowledge with respect to any such matter. You agree to render such cooperation in a timely fashion and at such times as may be mutually agreeable to the parties. The Company will reimburse you for reasonable travel expenses and reasonable attorney's fees (if applicable and for counsel previously approved by the Company (which approval shall not reasonably be withheld)) incurred at the Company's request for such cooperation, and in accordance with the Company's business expenses policies then in effect.
  16. **Code Section 409A.** This Agreement is intended to comply with, or be exempt from, Code Section 409A and applicable regulations ("Section 409A") and any ambiguities in this Agreement will be interpreted to so comply with Section 409A. In no event will the Company reimburse you for any taxes that may be imposed on you as a result of Section 409A.
  17. **Knowing and Voluntary.** Further, in consideration of the promises of AAR referred to in this Agreement, you intend to waive and release all claims identified in paragraph 8, including claims that you may have under the Age Discrimination in Employment Act of 1967, as amended by the Older Workers Benefit Protection Act of 1990. In furtherance of this intention, you acknowledge and understand that:
    - (i) You may take up to 21 days to consider this Agreement.
-

- (ii) Within 7 days after you execute the Agreement, you will have the right, by providing written notice to Jessica Garascia (Jessica.Garascia@aarcorp.com), to revoke your acceptance of this Agreement. You will not be entitled to receive the Separation Benefits and this Agreement will not become effective until after the revocation period expires on the eighth day after you execute this Agreement (the "Effective Date").
- (iii) You are receiving consideration for this Agreement in addition to that which you otherwise would be entitled.
- (iv) You enter into the Agreement voluntarily, knowingly and without duress.
- (v) You are advised to consult with an attorney prior to executing this Agreement.

Please indicate your agreement by signing and returning this Agreement within the timeframe noted above.

Very truly yours,

AAR Corp.

Name: /s/ John M. Holmes

Date: 1/06/25

Agreed:

Name: /s/ Tracey Patterson

Date: 1/6/2025

Employee

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**AMENDMENT NO. 2  
TO  
CREDIT AGREEMENT**

This AMENDMENT NO. 2 to CREDIT AGREEMENT, dated as of February 27, 2025 (this “Amendment”), is entered into by and among AAR CORP. (the “Borrower”), the Lenders party hereto and WELLS FARGO BANK, N.A., as Administrative Agent.

WITNESSETH

WHEREAS, the Borrower, the lenders from time to time party thereto (the “Lenders”) and the Administrative Agent are parties to that certain Credit Agreement, dated as of December 14, 2022 (as amended by Amendment No. 1, dated as of March 1, 2024, and as further amended, restated, supplemented or otherwise modified prior to the date hereof, the “Existing Credit Agreement” and, as amended by this Amendment, the “Amended Credit Agreement”; capitalized terms used but not defined herein shall have the meanings assigned to such terms in the Amended Credit Agreement); and

WHEREAS, the Borrower wishes to amend the Existing Credit Agreement in certain respects, and the Lenders party hereto (which Lenders constitute the Required Lenders) and the Administrative Agent are willing to amend the Existing Credit Agreement on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the premises set forth above, the terms and conditions contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Borrower, the Administrative Agent and the Lenders party hereto hereby agree as follows:

SECTION 1. Amendments to Existing Credit Agreement. Effective as of the Amendment No. 2 Effective Date and subject to the satisfaction of the conditions to effectiveness set forth in Section 2 below, the Existing Credit Agreement (but not any Schedules or Exhibits) is hereby amended to delete the stricken text (indicated textually in the same manner as the following example: ~~stricken-text~~) and to add the double-underlined text (indicated textually in the same manner as the following example: double-underlined text) as set forth in Amended Credit Agreement attached hereto as Exhibit A.

SECTION 2. Conditions of Effectiveness. This Amendment shall become effective and be deemed effective as of the date hereof (such date, the “Amendment No. 2 Effective Date”), subject to the satisfaction of the following conditions precedent:

- (a) the execution and delivery by counterparts of this Amendment, executed by the Borrower, the Administrative Agent and the Lenders constituting the Required Lenders; and
  - (b) the Borrower shall have paid all costs and expenses due and payable on the Amendment No. 2 Effective Date to the extent invoiced prior to the Amendment No. 2 Effective Date.
-

SECTION 3. Representations and Warranties of the Borrower. The Borrower hereby represents and warrants that the Amended Credit Agreement constitutes the legal, valid and binding obligation of the Borrower and is enforceable against the Borrower in accordance with its terms, subject to bankruptcy, insolvency and similar laws affecting the enforceability of creditors' rights generally and to general principles of equity.

SECTION 4. Effect on the Existing Credit Agreement.

(a) Upon the effectiveness of this Amendment, on and after the date hereof, each reference in the Existing Credit Agreement to "this Agreement," "hereunder," "hereof," "herein" or words of like import shall mean and be a reference to the Amended Credit Agreement.

(b) This Amendment shall constitute a Loan Document.

(c) Except as specifically amended and modified above, the Existing Credit Agreement and all other documents, instruments and agreements executed and/or delivered in connection therewith shall remain in full force and effect, and are hereby ratified and confirmed.

(d) The execution, delivery and effectiveness of this Amendment shall neither, except as expressly provided herein, operate as a waiver of any right, power or remedy of the Lenders or the Administrative Agent, nor constitute a waiver of any provision of the Existing Credit Agreement or any other documents, instruments and agreements executed and/or delivered in connection therewith.

SECTION 5. Costs and Expenses. The Borrower agrees to pay all reasonable costs, fees and out-of-pocket expenses (including reasonable attorneys' fees, costs and expenses charged to the Administrative Agent) incurred by the Administrative Agent in connection with the preparation, arrangement and execution of this Amendment.

SECTION 6. GOVERNING LAW. THIS AMENDMENT SHALL BE GOVERNED BY AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK (INCLUDING, WITHOUT LIMITATION, SECTION 5-1401 AND 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW, BUT OTHERWISE WITHOUT REGARD TO CONFLICTS OF LAW PRINCIPLES THEREOF).

SECTION 7. Headings. Section 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.

SECTION 8. Counterparts. This Amendment may be executed by one or more of the parties to the Amendment on any number of separate counterparts and all of said counterparts taken together shall be deemed to constitute one and the same instrument. An electronic or facsimile copy of a signature hereto shall have the same effect as the original thereof.

The remainder of this page is intentionally blank.

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IN WITNESS WHEREOF, this Amendment has been duly executed as of the day and year first above written.

AAR CORP.,  
as Borrower

By: /s/ Mark Zitella  
Name: Mark Zitella  
Title: Vice President and Treasurer

WELLS FARGO BANK, N.A.,  
as Administrative Agent

By: /s/ Heather Hoopingarner  
Name: Heather Hoopingarner  
Title: Executive Director

WELLS FARGO BANK, N.A.,  
as a Lender

By: /s/ Heather Hoopingarner  
Name: Heather Hoopingarner  
Title: Executive Director

Bank of America, N.A.,  
as a Lender

By: /s/ A. Quinn Richardson  
Name: A. Quinn Richardson  
Title: Senior Vice President

CIBC BANK USA,  
as a Lender

By: /s/ Natalie Krapfl  
Name: Natalie Krapfl  
Title: Associate Managing Director

[Signature Page to Amendment No. 2 to Credit Agreement]

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PNC BANK, NATIONAL ASSOCIATION,  
as a Lender

By: /s/ James Phelan  
Name: James Phelan  
Title: Senior Vice President

ASSOCIATED BANK, N.A.,  
as a Lender

By: /s/ Ian Ormseth  
Name: Ian Ormseth  
Title: Vice President

TRUIST BANK,  
as a Lender

By: /s/ Anika Kirs  
Name: Anika Kirs  
Title: Director

GOLDMAN SACHS BANK USA,  
as a Lender

By: /s/ Priyankush Goswami  
Name: Priyankush Goswami  
Title: Authorized Signatory

[Signature Page to Amendment No. 2 to Credit Agreement]

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**EXHIBIT A**

Amended Credit Agreement

[attached]

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**CREDIT AGREEMENT**

dated as of December 14, 2022

among

**AAR CORP.**,  
as the Borrower,

**WELLS FARGO BANK, N.A.**,  
as Administrative Agent,

**BANK OF AMERICA, N.A.**,  
as Syndication Agent,

the Lenders Party hereto,

**WELLS FARGO SECURITIES, LLC**,  
**BofA SECURITIES, INC.**,  
**TRUIST SECURITIES, INC.** and  
**CIBC BANK USA**,  
as Joint Lead Arrangers

and

**WELLS FARGO SECURITIES, LLC** and  
**BofA SECURITIES, INC.**,  
as Joint Bookrunners

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**WELLS FARGO SECURITIES, LLC**,  
**BofA SECURITIES, INC.**,  
**CIBC WORLD MARKETS CORP.**,  
**PNC CAPITAL MARKETS LLC** and  
**TRUIST SECURITIES, INC.**,  
as Joint Lead Arrangers and Joint Bookrunners for Amendment No. 1

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H-4	Form of U.S. Tax Compliance Certificate (for Foreign Lenders That Are Partnerships for U.S. Federal Income Tax Purposes)

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## CREDIT AGREEMENT

This CREDIT AGREEMENT is entered into as of December 14, 2022, among AAR CORP., a Delaware corporation (the “Borrower”), each lender from time to time party hereto (collectively, the “Lenders” and individually, a “Lender”), WELLS FARGO BANK, N.A., as Administrative Agent, Swing Line Lender and a L/C Issuer, and BANK OF AMERICA, N.A., as Syndication Agent and a L/C Issuer.

The Borrower has requested that the Lenders provide a revolving credit facility, and the Lenders are willing to do so on the terms and conditions set forth herein.

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

### ARTICLE I. DEFINITIONS AND ACCOUNTING TERMS

**1.01 Defined Terms.** As used in this Agreement, the following terms shall have the meanings set forth below:

“AAR AESL Group” has the meaning given in the definition of Unrestricted Subsidiary.

“AAR Airlift Group” has the meaning given in the definition of Unrestricted Subsidiary.

“AAR IFS Group” has the meaning given in the definition of Unrestricted Subsidiary.

“Acquired Debt” means Debt of a Person existing at the time such Person became a Restricted Subsidiary or assumed by the Borrower or a Restricted Subsidiary of the Borrower pursuant to an Acquisition permitted hereunder (and not created or incurred in connection with or in anticipation of such Acquisition) which is otherwise permitted by the terms of this Agreement.

“Acquisition” means any transaction or series of related transactions for the purpose of or resulting, directly or indirectly, in (a) the acquisition of all or substantially all of the assets of a Person, or of all or substantially all of any business or division of a Person, (b) the acquisition of in excess of 50% of the Equity Interests of any Person, or otherwise causing any Person to become a Subsidiary, or (c) a merger or consolidation or any other combination with another Person (other than a Person that is already a Subsidiary).

“Acquisition Holiday” has the meaning specified in Section 7.13(b).

“Adjusted Term SOFR” means, for purposes of any calculation, the rate per annum equal to (a) Term SOFR for such calculation plus (b) the Term SOFR Adjustment; provided that if Adjusted Term SOFR as so determined shall ever be less than the Floor, then Adjusted Term SOFR shall be deemed to be the Floor.

“Adjusted Total Debt to EBITDA Ratio” means, as of the last day of any Fiscal Quarter, the ratio of (a) the excess of Total Debt as of such day over Unrestricted Cash as of such day to (b) EBITDA for the Computation Period ending on such day.

“Administrative Agent” means Wells Fargo Bank, N.A. in its capacity as administrative agent under any of the Loan Documents, or any successor administrative agent.

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“Administrative Agent’s Office” means the Administrative Agent’s address and, as appropriate, account as set forth on Schedule 10.02, or such other address or account as the Administrative Agent may from time to time notify to the Borrower and the Lenders.

“Administrative Questionnaire” means an Administrative Questionnaire in substantially the form of Exhibit F-2 or any other form approved by the Administrative Agent.

“Affected Financial Institution” means (a) any EEA Financial Institution or (b) any UK Financial Institution.

“Affiliate” means, with respect to any Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified.

“Aggregate Commitments” means the Commitments of all the Lenders. As of the Amendment No. 1 Effective Date, the Aggregate Commitments are \$825,000,000.

“Agreement” means this Credit Agreement, as it may be amended, restated, supplemented or otherwise modified and as in effect from time to time.

“Amendment No. 1” means that certain Amendment No. 1 to this Agreement, dated as of the Amendment No. 1 Effective Date, by and among the Borrower, the Lenders party thereto and the Administrative Agent.

“Amendment No. 1 Effective Date” means March 1, 2024.

“Anti-Corruption Laws” means all laws, rules, and regulations of any jurisdiction applicable to the Borrower or its Subsidiaries from time to time concerning or relating to bribery or corruption, including, without limitation, the United States Foreign Corrupt Practices Act of 1977 and the UK Bribery Act 2010.

“Applicable Percentage” means with respect to any Lender at any time, the percentage (carried out to the ninth decimal place) of the Aggregate Commitments represented by such Lender’s Commitment at such time, subject to adjustment as provided in Section 2.18. If the commitment of each Lender to make Loans and the obligation of the L/C Issuer to make L/C Credit Extensions have been terminated pursuant to Section 8.02 or if the Aggregate Commitments have expired, then the Applicable Percentage of each Lender shall be determined based on the Applicable Percentage of such Lender most recently in effect, giving effect to any subsequent assignments and to any Lender’s status as a Defaulting Lender at the time of determination. The initial Applicable Percentage of each Lender is set forth opposite the name of such Lender on Schedule 2.01 or in the Assignment and Assumption pursuant to which such Lender becomes a party hereto, as applicable.

“Applicable Rate” means the following percentages per annum, based upon the Adjusted Total Debt to EBITDA Ratio as set forth in the most recent Compliance Certificate received by the Administrative Agent pursuant to Section 6.01(c):

Applicable Rate				
Pricing Level	Adjusted Total Debt to EBITDA Ratio	Commitment Fee	Adjusted Term SOFR and Letters of Credit	Base Rate
1	≤ 1.00:1.00	0.15%	1.125%	0.125%
2	> 1.00:1.00 but ≤ 1.75:1.00	0.175%	1.25%	0.25%
3	> 1.75:1.00 but ≤ 2.75:1.00	0.20%	1.50%	0.50%
4	> 2.75:1.00 but ≤ 3.25:1.00	0.225%	1.75%	0.75%
5	> 3.25:1.00 but ≤ 3.75:1.00	0.25%	2.00%	1.00%
6	> 3.75:1.00	0.275%	2.50%	1.50%

Any increase or decrease in the Applicable Rate resulting from a change in the Adjusted Total Debt to EBITDA Ratio shall become effective as of the first Business Day immediately following the date a Compliance Certificate is delivered pursuant to Section 6.01(c); provided, however, that if a Compliance Certificate is not delivered when due in accordance with such Section, then, upon the request of the Required Lenders, Pricing Level 4 shall apply as of the first Business Day after the date on which such Compliance Certificate was required to have been delivered and shall remain in effect until the date on which such Compliance Certificate is delivered. The Applicable Rate in effect from the Closing Date through the date on which the next due Compliance Certificate is delivered to the Administrative Agent pursuant to Section 6.01(c) shall be determined based upon Pricing Level 1.

“Approved Fund” means any Fund that is administered or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers or manages a Lender.

“Arranger” or “Arrangers” means Wells Fargo Securities, LLC, BofA Securities, Inc., Truist Securities, Inc., CIBC Bank USA and, with respect to Amendment No. 1, Wells Fargo Securities, LLC, BofA Securities, Inc., Truist Securities, Inc., CIBC World Markets Corp. and PNC Capital Markets LLC, each in its capacity as a joint lead arranger.

“Asset Disposition” means any Transfer of property having a Disposition Value of the greater of (x) \$6,600,000 and (y) 2.5% of LTM EBITDA or more except:

- (a) any Transfer from a Restricted Subsidiary to the Borrower or a Wholly-Owned Restricted Subsidiary;
- (b) any Transfer from the Borrower to a Wholly-Owned Restricted Subsidiary;
- (c) any Transfer from the Borrower to a Restricted Subsidiary (other than a Wholly-Owned Restricted Subsidiary) or from a Restricted Subsidiary to another Restricted Subsidiary (other than a Wholly-Owned Restricted Subsidiary), which in either case is for Fair Market Value;
- (d) any Transfer of property from the Borrower or any Restricted Subsidiary in connection with a sale-and-leaseback transaction entered into within 365 days after the initial acquisition or construction of such property by the Borrower or any Restricted Subsidiary;

(e) any Transfer made in the ordinary course of business of property that is either (i) inventory held for rent or sale or (ii) equipment, fixtures, supplies or materials no longer required in the operation of the business of the Borrower or any of its Restricted Subsidiaries or that is obsolete;

(f) any Transfer, in each case without recourse and in the ordinary course of business, of past due receivables arising in the ordinary course of business, but only in connection with the compromise or collection thereof consistent with customary industry practice (and not as part of any bulk sale or financing of receivables); and

(g) any lease, license, sublease or sublicense of any real or personal property (including intellectual property) in the ordinary course of business;

provided that, with respect to clauses (c) and (d) above, immediately before and immediately after the consummation of such Transfer, no Default or Event of Default exists.

“Assignee Group” means two or more Eligible Assignees that are Affiliates of one another or two or more Approved Funds managed by the same investment advisor.

“Assignment and Assumption” means an assignment and assumption entered into by a Lender and an assignee (with the consent of any party whose consent is required by Section 10.06(b)), and accepted by the Administrative Agent, in substantially the form of Exhibit F-1 or any other form (including electronic documentation generated by use of an electronic platform) approved by the Administrative Agent.

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

“Audited Financial Statements” means the audited consolidated balance sheet of the Borrower and its Subsidiaries for the fiscal year ended May 31, 2022 and the related consolidated statements of income or operations, shareholders’ equity and cash flows for such fiscal year of the Borrower and its Subsidiaries, including the notes thereto.

“Availability Period” means the period from and including the Closing Date to the earliest of (a) the Maturity Date, (b) the date of termination of the Aggregate Commitments pursuant to Section 2.07, and (c) the date of termination of the commitment of each Lender to make Loans and of the obligation of the L/C Issuer to make L/C Credit Extensions pursuant to Section 8.02.

“Available Tenor” means, as of any date of determination and with respect to the then-current Benchmark, as applicable, (a) if such Benchmark is a term rate, any tenor for such Benchmark (or component thereof) that is or may be used for determining the length of an interest period pursuant to this Agreement or (b) otherwise, any payment period for interest calculated with reference to such Benchmark (or component thereof) that is or may be used for determining any frequency of making payments of interest calculated with reference to such Benchmark, in each case, as of such date and not including, for the avoidance of doubt, any tenor for such Benchmark that is then-removed from the definition of “Interest Period” pursuant to Section 3.03(c)(iv).

“Bail-In Action” means the exercise of any Write-Down and Conversion Powers by the applicable Resolution Authority in respect of any liability of an Affected Financial Institution.

“Bail-In Legislation” means (a) with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the

implementing law, regulation, rule or requirement for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule and (b) with respect to the United Kingdom, Part I of the United Kingdom Banking Act 2009 (as amended from time to time) and any other law, regulation or rule applicable in the United Kingdom relating to the resolution of unsound or failing banks, investment firms or other financial institutions or their affiliates (other than through liquidation, administration or other insolvency proceedings).

“Bank Product Agreements” means those certain cash management service agreements entered into from time to time between the Borrower or any Restricted Subsidiary and a Lender or its Affiliates in connection with any of the Bank Products.

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

“Bank Products” means any service or facility extended to the Borrower or any Restricted Subsidiary by any Lender or its Affiliates including: (a) credit cards, (b) credit card processing services, (c) debit cards, (d) purchase cards, (e) ACH transactions, (f) cash management, including controlled disbursement, accounts or services, or (g) Hedging Agreements.

“Base Rate” means, for any day, a fluctuating rate per annum equal to the highest of (a) the Prime Rate in effect on such day, (b) the Federal Funds Rate in effect on such day, plus 0.50% and (c) Adjusted Term SOFR for a one-month tenor in effect on such day plus 1.00%; each change in the Base Rate shall take effect simultaneously with the corresponding change or changes in the Prime Rate, the Federal Funds Rate or Adjusted Term SOFR, as applicable (provided that clause (c) shall not be applicable during any period in which Adjusted Term SOFR is unavailable or unascertainable).

“Base Rate Committed Loan” means a Committed Loan that is a Base Rate Loan.

“Base Rate Loan” means a Loan that bears interest based on the Base Rate.

“Base Rate Term SOFR Determination Day” has the meaning assigned thereto in the definition of “Term SOFR”.

“Benchmark” means, initially, the Term SOFR Reference Rate; provided that if a Benchmark Transition Event has occurred with respect to the Term SOFR Reference Rate or the then-current Benchmark, then “Benchmark” means the applicable Benchmark Replacement to the extent that such Benchmark Replacement has replaced such prior benchmark rate pursuant to Section 3.03(c)(i).

“Benchmark Replacement” means, with respect to any Benchmark Transition Event, the sum of: (a) the alternate benchmark rate that has been selected by the Administrative Agent and the Borrower giving due consideration to (i) any selection or recommendation of a replacement benchmark rate or the mechanism for determining such a rate by the Relevant Governmental Body or (ii) any evolving or then-prevailing market convention for determining a benchmark rate as a replacement to the then-current Benchmark for Dollar-denominated syndicated credit facilities and (b) the related Benchmark

Replacement Adjustment; provided that, if such Benchmark Replacement as so determined would be less than the Floor, such Benchmark Replacement will be deemed to be the Floor for the purposes of this Agreement and the other Loan Documents.

“Benchmark Replacement Adjustment” means, with respect to any replacement of the then-current Benchmark with an Unadjusted Benchmark Replacement for any applicable Available Tenor, the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) that has been selected by the Administrative Agent and the Borrower giving due consideration to (a) any selection or recommendation of a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of such Benchmark with the applicable Unadjusted Benchmark Replacement by the Relevant Governmental Body or (b) any evolving or then-prevailing market convention for determining a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of such Benchmark with the applicable Unadjusted Benchmark Replacement for Dollar-denominated syndicated credit facilities.

“Benchmark Replacement Date” means the earliest to occur of the following events with respect to the then-current Benchmark:

(a) in the case of clause (a) or (b) of the definition of “Benchmark Transition Event,” the later of (i) the date of the public statement or publication of information referenced therein and (ii) the date on which the administrator of such Benchmark (or the published component used in the calculation thereof) permanently or indefinitely ceases to provide all Available Tenors of such Benchmark (or such component thereof); or

(b) in the case of clause (c) of the definition of “Benchmark Transition Event,” the first date on which such Benchmark (or the published component used in the calculation thereof) has been determined and announced by or on behalf of the administrator of such Benchmark (or such component thereof) or the regulatory supervisor for the administrator of such Benchmark (or such component thereof) to be non-representative or non-compliant with or non-aligned with the International Organization of Securities Commissions (IOSCO) Principles for Financial Benchmarks; provided that such non-representativeness, non-compliance or non-alignment will be determined by reference to the most recent statement or publication referenced in such clause (c) and even if any Available Tenor of such Benchmark (or such component thereof) continues to be provided on such date.

For the avoidance of doubt, the “Benchmark Replacement Date” will be deemed to have occurred in the case of clause (a) or (b) with respect to any Benchmark upon the occurrence of the applicable event or events set forth therein with respect to all then-current Available Tenors of such Benchmark (or the published component used in the calculation thereof).

“Benchmark Transition Event” means the occurrence of one or more of the following events with respect to the then-current Benchmark:

(a) a public statement or publication of information by or on behalf of the administrator of such Benchmark (or the published component used in the calculation thereof) announcing that such administrator has ceased or will cease to provide all Available Tenors of such Benchmark (or such component thereof), permanently or indefinitely; provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide any Available Tenor of such Benchmark (or such component thereof);

(b) a public statement or publication of information by the regulatory supervisor for the administrator of such Benchmark (or the published component used in the calculation thereof), the FRB, the Federal Reserve Bank of New York, an insolvency official with jurisdiction over the administrator for such Benchmark (or such component), a resolution authority with jurisdiction over the administrator for such Benchmark (or such component) or a court or an entity with similar insolvency or resolution authority over the administrator for such Benchmark (or such component), which states that the administrator of such Benchmark (or such component) has ceased or will cease to provide all Available Tenors of such Benchmark (or such component thereof) permanently or indefinitely; provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide any Available Tenor of such Benchmark (or such component thereof); or

(c) a public statement or publication of information by or on behalf of the administrator of such Benchmark (or the published component used in the calculation thereof) or the regulatory supervisor for the administrator of such Benchmark (or such component thereof) announcing that all Available Tenors of such Benchmark (or such component thereof) are not, or as of a specified future date will not be, representative or in compliance with or aligned with the International Organization of Securities Commissions (IOSCO) Principles for Financial Benchmarks.

For the avoidance of doubt, a “Benchmark Transition Event” will be deemed to have occurred with respect to any Benchmark if a public statement or publication of information set forth above has occurred with respect to each then-current Available Tenor of such Benchmark (or the published component used in the calculation thereof).

“Benchmark Transition Start Date” means, in the case of a Benchmark Transition Event, the earlier of (a) the applicable Benchmark Replacement Date and (b) if such Benchmark Transition Event is a public statement or publication of information of a prospective event, the 90th day prior to the expected date of such event as of such public statement or publication of information (or if the expected date of such prospective event is fewer than 90 days after such statement or publication, the date of such statement or publication).

“Benchmark Unavailability Period” means the period (if any) (x) beginning at the time that a Benchmark Replacement Date has occurred if, at such time, no Benchmark Replacement has replaced the then-current Benchmark for all purposes hereunder and under any Loan Document in accordance with Section 3.03(c)(i) and (y) ending at the time that a Benchmark Replacement has replaced the then-current Benchmark for all purposes hereunder and under any Loan Document in accordance with Section 3.03(c)(i).

“Beneficial Ownership Certification” means a certification regarding beneficial ownership required by the Beneficial Ownership Regulation.

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

“Benefit Plan” means any of (a) an “employee benefit plan” (as defined in ERISA) that is subject to Title I of ERISA, (b) a “plan” as defined in and subject to Section 4975 of the Code or (c) any Person whose assets include (for purposes of ERISA Section 3(42) or otherwise for purposes of Title I of ERISA or Section 4975 of the Code) the assets of any such “employee benefit plan” or “plan”.

“Borrower” has the meaning specified in the introductory paragraph hereto.

“Borrower Materials” means any materials and/or information provided by or on behalf of the Borrower to the Lenders and L/C Issuer under Section 6.01.

“Borrowing” means a Committed Borrowing or a Swing Line Borrowing, as the context may require.

“Business Day” means any day that (a) is not a Saturday or Sunday and (b) is not a day on which commercial banks in Charlotte, North Carolina or Chicago, Illinois are closed.

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

“Cargo/Precision Companies” means Telair International GmbH and its Subsidiaries, Nordisk Aviation Products AS and its Subsidiaries, the AAR Cargo (Telair US) business and the Precision Systems Manufacturing business (including Aerostructures & Interiors).

“Cash Collateralize” means to pledge and deposit with or deliver to the Administrative Agent, for the benefit of the Administrative Agent, L/C Issuer or Swing Line Lender (as applicable) and the Lenders, as collateral for L/C Obligations, Obligations in respect of Swing Line Loans, or obligations of Lenders to fund participations in respect of either thereof (as the context may require), cash or deposit account balances or, if the L/C Issuer or Swing Line Lender benefitting from such collateral shall agree in its sole discretion, other credit support, in each case pursuant to documentation in form and substance satisfactory to (a) the Administrative Agent and (b) the L/C Issuer or the Swing Line Lender (as applicable). “Cash Collateral” shall have a meaning correlative to the foregoing and shall include the proceeds of such cash collateral and other credit support.

“Cash Equivalent Investment” means, at any time, (a) any evidence of Debt, maturing not more than one year after such time, issued or guaranteed by the United States government or any agency thereof, (b) commercial paper, maturing not more than one year from the date of issue, or corporate demand notes, in each case (unless issued by a Lender or its holding company) rated at least A-1 by Standard & Poor’s Ratings Services, a division of The McGraw-Hill Companies, Inc. or P-1 by Moody’s Investors Service, Inc., (c) any deposit account, certificate of deposit, time deposit or banker’s acceptance, maturing not more than one year after such time, or any overnight Federal Funds transaction that is issued or sold by any Lender or its holding company (or by a commercial banking institution that is a member of the Federal Reserve System and has a combined capital and surplus and undivided profits of not less than \$500,000,000), (d) any repurchase agreement entered into with any Lender (or commercial banking institution of the nature referred to in clause (c)) which (i) is secured by a fully perfected security interest in any obligation of the type described in any of clauses (a) through (c) above and (ii) has a market value at the time such repurchase agreement is entered into of not less than 100% of the repurchase obligation of such Lender (or other commercial banking institution) thereunder, (e) money market accounts or mutual funds which invest exclusively in assets satisfying the foregoing requirements, and (f) other short term liquid investments approved in writing by the Administrative Agent.

“CFC” means a controlled foreign corporation within the meaning of Section 957 of the Code.

“Change in Law” means the occurrence, after the date of this Agreement, of any of the following: (a) the adoption or taking effect of any law, rule, regulation or treaty, (b) any change in any law, rule, regulation or treaty or in the administration, interpretation, implementation or application thereof by any Governmental Authority or (c) the making or issuance of any request, rule, guideline or directive (whether or not having the force of law) by any Governmental Authority; provided that

notwithstanding anything herein to the contrary, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith or in the implementation thereof and (y) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a “Change in Law”, regardless of the date enacted, adopted, issued or implemented.

“Change of Control” means the occurrence of any transaction pursuant to which any person (as such term is used in Section 13(d) of the Exchange Act), or two or more persons acting in concert, acquires beneficial ownership (as that term is defined in Rule 13d-3 under the Exchange Act), of more than 50% of the outstanding capital stock of the Borrower entitled to vote for the election of directors.

“Closing Date” means December 14, 2022.

“Code” means the Internal Revenue Code of 1986, as amended.

“Commitment” means, as to each Lender, its obligation to (a) make Committed Loans to the Borrower pursuant to Section 2.01, (b) purchase participations in L/C Obligations, and (c) purchase participations in Swing Line Loans, in an aggregate principal amount at any one time outstanding not to exceed the amount set forth opposite such Lender’s name on Schedule 2.01 or in the Assignment and Assumption pursuant to which such Lender becomes a party hereto, as applicable, as such amount may be adjusted from time to time in accordance with this Agreement.

“Committed Borrowing” means a borrowing consisting of simultaneous Committed Loans of the same Type and, in the case of SOFR Committed Loans, having the same Interest Period made by each of the Lenders pursuant to Section 2.01.

“Committed Loan” has the meaning specified in Section 2.01.

“Committed Loan Notice” means a notice of (a) a Committed Borrowing, (b) a conversion of Committed Loans from one Type to the other, or (c) a continuation of SOFR Committed Loans, pursuant to Section 2.02(a), which, if in writing, shall be substantially in the form of Exhibit A or such other form as may be approved by the Administrative Agent (including any form on an electronic platform or electronic transmission system as shall be approved by the Administrative Agent), appropriately completed and signed by a Responsible Officer of the Borrower.

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

“Compliance Certificate” means a certificate substantially in the form of Exhibit E.

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

“Conforming Changes” means, with respect to either the use or administration of Term SOFR or the use, administration, adoption or implementation of any Benchmark Replacement, any technical, administrative or operational changes (including changes to the definition of “Base Rate,” the definition of “Business Day,” the definition of “U.S. Government Securities Business Day,” the definition of “Interest Period” or any similar or analogous definition (or the addition of a concept of “interest period”), timing and frequency of determining rates and making payments of interest, timing of borrowing requests

or prepayment, conversion or continuation notices, the applicability and length of lookback periods, the applicability of Section 3.05 and other technical, administrative or operational matters) that the Administrative Agent decides may be appropriate to reflect the adoption and implementation of any such rate or to permit the use and administration thereof by the Administrative Agent in a manner substantially consistent with market practice (or, if the Administrative Agent decides that adoption of any portion of such market practice is not administratively feasible or if the Administrative Agent determines that no market practice for the administration of any such rate exists, in such other manner of administration as the Administrative Agent decides is reasonably necessary in connection with the administration of this Agreement and the other Loan Documents), in each case in consultation with the Borrower.

“Consolidated Assets” means, at any time, the total assets of the Borrower and its Restricted Subsidiaries which would be shown as assets on a consolidated balance sheet of the Borrower and its Restricted Subsidiaries as of such time prepared in accordance with GAAP, after eliminating all amounts properly attributable to minority interests, if any, in the stock and surplus of Restricted Subsidiaries.

“Consolidated Net Income” means, with respect to the Borrower and its Restricted Subsidiaries for any period, the net income (or loss) of the Borrower and its Restricted Subsidiaries for such period (taken as a cumulative whole), as determined in accordance with GAAP, after eliminating all offsetting debits and credits between the Borrower and its Restricted Subsidiaries and all other items required to be eliminated in the course of the preparation of consolidated financial statements of the Borrower and its Restricted Subsidiaries in accordance with GAAP.

“Contingent Liabilities” means, with respect to any Person, any obligation (except the endorsement in the ordinary course of business of negotiable instruments for deposit or collection) of such Person guaranteeing or in effect guaranteeing any Debt, dividend or other obligation of any other Person in any manner, whether directly or indirectly, including obligations incurred through an agreement, contingent or otherwise, by such Person: (a) to purchase such Debt or obligation or any property constituting security therefor; (b) to advance or supply funds (i) for the purchase or payment of such Debt or obligation, or (ii) to maintain any working capital or other balance sheet condition or any income statement condition of any other Person or otherwise to advance or make available funds for the purchase or payment of such Debt or obligation; (c) to lease properties or to purchase properties or services primarily for the purpose of assuring the owner of such Debt or obligation of the ability of any other Person to make payment of the Debt or obligation; or (d) otherwise to assure the owner of such Debt or obligation against loss in respect thereof. In any computation of the Debt or other liabilities of the obligor under any Contingent Liability, the Debt or other obligations that are the subject of such Contingent Liability shall be assumed to be direct obligations of such obligor.

“Control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. “Controlling” and “Controlled” have meanings correlative thereto.

“Credit Extension” means each of the following: (a) a Borrowing and (b) an L/C Credit Extension.

“Debt” of any Person means, without duplication, (a) its liabilities for borrowed money determined in accordance with GAAP; (b) its liabilities for the deferred purchase price of property acquired by such Person (excluding accounts payable and other accrued liabilities arising in the ordinary course of business but including all liabilities created or arising under any conditional sale or other title retention agreement with respect to any such property); (c) its Capital Lease obligations; (d) all liabilities for borrowed money (other than Nonrecourse Debt) secured by any Lien with respect to any property owned by such Person (whether or not it has assumed or otherwise become liable for such liabilities); (e)

all obligations, contingent or otherwise, with respect to the face amount of all letters of credit (whether or not drawn), bankers' acceptances and similar obligations issued for the account of such Person (including the Letters of Credit); (f) all Hedging Obligations of such Person; and (g) any Contingent Liability of such Person with respect to liabilities of a type described in any of clauses (a) through (f) hereof. Debt of any Person shall include all obligations of such Person of the character described in clauses (a) through (g) to the extent such Person remains legally liable in respect thereof notwithstanding that any such obligation is deemed to be extinguished under GAAP. For further certainty, obligations of the Borrower and its Restricted Subsidiaries as lessee in respect of operating leases (including "leveraged leases" and "synthetic leases" that are accounted for as operating leases) under GAAP shall not constitute "Debt" and obligations of the Borrower and its Subsidiaries in respect of intercompany expenses, billings and other charges between and among the Borrower and its Subsidiaries consistent with their historical business practices shall not constitute "Debt".

"Debt Prepayment Application" means, with respect to any Transfer of property, the application by the Borrower or its Restricted Subsidiaries of cash in an amount equal to the Net Proceeds Amount with respect to such Transfer to pay Debt of the Borrower (other than (i) Subordinated Debt and (ii) Debt owing to the Borrower, any of its Subsidiaries or any Affiliate).

"Debtor Relief Laws" means the Bankruptcy Code of the United States, and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief Laws of the United States or other applicable jurisdictions from time to time in effect.

"Default" means any event or condition that constitutes an Event of Default or that, with the giving of any notice, the passage of time, or both, would be an Event of Default.

"Default Rate" means (a) when used with respect to Obligations other than Letter of Credit Fees, an interest rate equal to (i) the Base Rate plus (ii) the Applicable Rate, if any, applicable to Base Rate Loans plus (iii) 2% per annum; provided, however, that with respect to a SOFR Loan, the Default Rate shall be an interest rate equal to the interest rate (including any Applicable Rate) otherwise applicable to such Loan plus 2% per annum, and (b) when used with respect to Letter of Credit Fees, a rate equal to the Applicable Rate plus 2% per annum.

"Defaulting Lender" means, subject to Section 2.18(b), any Lender that (a) has failed to (i) fund all or any portion of its Loans within two Business Days of the date such Loans were required to be funded hereunder unless such Lender notifies the Administrative Agent and the Borrower in writing that such failure is the result of such Lender's determination that one or more conditions precedent to funding (each of which conditions precedent, together with any applicable default, shall be specifically identified in such writing) has not been satisfied, or (ii) pay to the Administrative Agent, any L/C Issuer, and Swing Line Lender or any other Lender any other amount required to be paid by it hereunder (including in respect of its Loans or participations in respect of Letters of Credit or Swing Line Loans) within two Business Days of the date required to be funded by it hereunder, (b) has notified the Borrower, the Administrative Agent or any L/C Issuer or Swing Line Lender in writing that it does not intend to comply with its funding obligations, or has made a public statement to that effect with respect to its funding obligations hereunder or under other agreements in which it commits to extend credit (unless such writing or public statement relates to such Lender's obligation to fund a Loan hereunder and states that such position is based on such Lender's determination that a condition precedent to funding (which condition precedent, together with any applicable default, shall be specifically identified in such writing or public statement) cannot be satisfied), (c) has failed, within three Business Days after request by the Administrative Agent or the Borrower, to confirm in a writing to the Administrative Agent and the Borrower that it will comply with its funding obligations hereunder (provided that such Lender shall

cease to be a Defaulting Lender pursuant to this clause (c) upon receipt of such written confirmation by the Administrative Agent and the Borrower), or (d) has, or has a direct or indirect parent company that has, (i) become the subject of a proceeding under any Debtor Relief Law, (ii) had appointed for it a receiver, custodian, conservator, trustee, administrator, assignee for the benefit of creditors or similar Person charged with reorganization or liquidation of its business or assets, including the Federal Deposit Insurance Corporation or any other state or federal regulatory authority acting in such a capacity or (iii) become the subject of a Bail-In Action; provided that a Lender shall not be a Defaulting Lender solely by virtue of the ownership or acquisition of any Equity Interest in that Lender or any direct or indirect parent company thereof by a Governmental Authority so long as such ownership interest does not result in or provide such Lender with immunity from the jurisdiction of courts within the United States or from the enforcement of judgments or writs of attachment on its assets or permit such Lender (or such Governmental Authority) to reject, repudiate, disavow or disaffirm any contracts or agreements made with such Lender. Any determination by the Administrative Agent that a Lender is a Defaulting Lender under clauses (a) through (d) above shall be conclusive and binding absent manifest error, and such Lender shall be deemed to be a Defaulting Lender (subject to Section 2.18(b)) upon delivery of written notice of such determination to the Borrower, each L/C Issuer, each Swing Line Lender and each Lender.

“Disposition” or “Dispose” means the sale, transfer, license, lease or other disposition (including any sale and leaseback transaction) of any property by any Person, including any sale, assignment, transfer or other disposal, with or without recourse, of any notes or accounts receivable or any rights and claims associated therewith.

“Disposition Value” means, at any time, with respect to any property

(a) in the case of property that does not constitute Restricted Subsidiary Stock, the book value thereof, valued at the time of such Disposition in good faith by the Borrower, and

(b) in the case of property that constitutes Restricted Subsidiary Stock, an amount equal to that percentage of book value of the assets of the Restricted Subsidiary that issued such stock as is equal to the percentage that the book value of such Restricted Subsidiary Stock represents of the book value of all of the outstanding capital stock of such Restricted Subsidiary (assuming, in making such calculations, that all securities convertible into such capital stock are so converted and giving full effect to all transactions that would occur or be required in connection with such conversion) determined at the time of the Disposition thereof, in good faith by the Borrower.

“Dollar” and “\$” mean lawful money of the United States.

“Domestic Subsidiary” means any Subsidiary that is organized under the laws of the United States, any state thereof or the District of Columbia.

“EBITDA” means, for any period, without duplication, Consolidated Net Income for such period plus, to the extent deducted in determining such Consolidated Net Income, the sum of (i) Interest Expense, (ii) income and franchise tax expense, (iii) depreciation and amortization, (iv) any non-cash charges and/or losses (including any impairment charge or asset write-off or write-down (including related to intangible assets (including goodwill), long-lived assets, and investments in debt and equity securities)), (v) except to the extent added back pursuant to the foregoing clause (iv), unusual, non-recurring or exceptional expenses, losses or charges (including any unusual, non-recurring or exceptional operating expenses, losses or charges directly attributable to the implementation of cost savings initiatives), severance, relocation costs, integration and facilities’ opening costs and other business optimization expenses and operating improvements (including related to new product introductions), systems development and establishment costs, recruiting fees, signing costs, retention or

completion bonuses, transition costs, costs related to closure/consolidation of facilities, internal costs in respect of strategic initiatives and curtailments or modifications to pension and post-retirement employee benefit plans (including any settlement of pension liabilities), contract terminations and professional and consulting fees incurred in connection with any of the foregoing, provided that the aggregate amount of expenses, losses and charges added back pursuant to this clause (v) for any applicable period (A) shall not exceed 10% of EBITDA for such period and (B) when combined with any amounts added back pursuant to clauses (vi) and (vii) below for such period, shall not exceed 20% of EBITDA for such period (before giving effect to any amounts added back pursuant to this clause (v) and such clauses (vi) and (vii), but without giving effect to any proviso contained in this clause (v) or such clauses (vi) and (vii)), (vi) except to the extent added back pursuant to the foregoing clause (iv), expected pro forma “run rate” cost savings, operational expense reductions, other operating improvements or synergies related to any acquisitions, mergers and other business combinations, divestitures, restructurings, or other initiatives after the Closing Date, in each case projected by the Borrower in good faith to be realized as the result of actions taken or with respect to which substantial steps have been taken (in the good faith determination of the Borrower) within 18 months after such transaction or initiative is consummated, net of the amount of actual benefits realized during such period from such actions, provided that (A) such “run rate” cost savings, expense reductions, improvements and synergies are reasonably identifiable and factually supportable (in the good faith determination of the Borrower) and certified by the chief financial officer or other Responsible Officer of the Borrower, and (B) the aggregate amount of “run rate” cost savings, expense reductions, improvements and synergies added back pursuant to this clause (vi) for any applicable period (I) shall not exceed 10% of EBITDA for such period and (II) when combined with any amounts added back pursuant to clause (v) above and clause (vii) below for such period, shall not exceed 20% of EBITDA for such period (before giving effect to any amounts added back pursuant to this clause (vi) and such clauses (v) and (vii), but without giving effect to any proviso contained in this clause (vi) or such clauses (v) and (vii)), (vii) except to the extent added back pursuant to the foregoing clause (iv), restructuring charges, accruals or reserves (including restructuring and integration costs related to acquisitions and adjustments to existing reserves), whether or not classified as a restructuring expense on the consolidated financial statements, provided that the aggregate amount of restructuring charges, accruals or reserves added back pursuant to this clause (vii) for any applicable period (A) shall not exceed 10% of EBITDA for such period and (B) when combined with any amounts added back pursuant to clauses (v) and (vi) above for such period, shall not exceed 20% of EBITDA for such period (before giving effect to any amounts added back pursuant to this clause (vii) and such clauses (v) and (vi), but without giving effect to any proviso contained in this clause (vii) or such clauses (v) and (vi)), (viii) non-controlling or minority interest expense consisting of income attributable to third parties in non-wholly owned subsidiaries, (ix) accruals, payments, fees, costs, charges and expenses with respect to any transaction not prohibited by this Agreement, including, without limitation, permitted dispositions, investments, issuance of equity interests or indebtedness, amendments to indebtedness or early extinguishment of indebtedness, hedging agreements or other derivative instruments, in each case whether or not consummated, (x) earn-out and contingent consideration obligations (including to the extent accounted for as bonuses or otherwise) and adjustments thereof and purchase price adjustments, in each case in connection with acquisitions or Investments ~~and~~, (xi) losses or discounts on sales of receivables and related assets in connection with any receivables financings and (xii) for any Computation Period including the Fiscal Quarter ended November 30, 2024, an amount equal to the one-time charge of \$55,599,653 payable by the Borrower pursuant to (x) that certain Non-Prosecution Agreement, dated December 19, 2024, between the Borrower and the U.S. Department of Justice, and (y) that certain Cease-and-Desist Order, dated December 19, 2024, issued by the SEC. EBITDA shall be calculated on a pro forma basis to give effect to (a) any Acquisition by the Borrower or any of its Restricted Subsidiaries consummated at any time on or after the first day of a Computation Period as if such Acquisition had been consummated on the first day of such Computation Period and (b) any Disposition or discontinuance of operations by the Borrower or any of its Restricted Subsidiaries

consummated at any time on or after the first day of a Computation Period as if such Disposition or discontinuance had been consummated on the first day of such Computation Period.

“EEA Financial Institution” means (a) any credit institution or investment firm established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority, (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition, or (c) any financial institution established in an EEA Member Country which is a subsidiary of an institution described in clauses (a) or (b) of this definition and is subject to consolidated supervision with its parent.

“EEA Member Country” means any of the member states of the European Union, Iceland, Liechtenstein, and Norway.

“EEA Resolution Authority” means any public administrative authority or any Person entrusted with public administrative authority of any EEA Member Country (including any delegatee) having responsibility for the resolution of any credit institution or investment firm established in an EEA Member Country.

“Eligible Assignee” means any Person that meets the requirements to be an assignee under Section 10.06(b)(iii) and (v) (subject to such consents, if any, as may be required under Section 10.06(b)(iii)).

“Environmental Claim” means all claims, however asserted, by any governmental, regulatory or judicial authority or other Person alleging potential liability or responsibility for violation of any Environmental Law, or for release or injury to the environment.

“Environmental Laws” means any and all Federal, state, local, and foreign statutes, laws, regulations, ordinances, rules, judgments, interpretations, orders, decrees, permits, concessions, grants, franchises, licenses, agreements or governmental restrictions relating to pollution and the protection of human health and safety, the environment and natural resources or the release of any materials into the environment, including those related to hazardous substances or wastes, air emissions and discharges to waste or public systems.

“Environmental Liability” means any liability, contingent or otherwise (including any liability for damages, costs of environmental remediation, fines, penalties or indemnities), of the Borrower or any of its Subsidiaries directly or indirectly resulting from or based upon (a) violation of any Environmental Law, (b) the generation, use, handling, transportation, storage, treatment or disposal of any Hazardous Materials, (c) exposure to any Hazardous Materials, (d) the release or threatened release of any Hazardous Materials into the environment or (e) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

“Equity Interests” means, with respect to any Person, all of the shares of capital stock of (or other ownership or profit interests in) such Person, all of the warrants, options or other rights for the purchase or acquisition from such Person of shares of capital stock of (or other ownership or profit interests in) such Person, all of the securities convertible into or exchangeable for shares of capital stock of (or other ownership or profit interests in) such Person or warrants, rights or options for the purchase or acquisition from such Person of such shares (or such other interests), and all of the other ownership or profit interests in such Person (including partnership, member or trust interests therein), whether voting or nonvoting, and whether or not such shares, warrants, options, rights or other interests are outstanding on any date of determination.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended, and the rules and regulations promulgated thereunder.

“ERISA Affiliate” means any trade or business (whether or not incorporated) under common control with the Borrower within the meaning of Section 414(b) or (c) of the Code (and Sections 414(m) and (o) of the Code for purposes of provisions relating to Section 412 of the Code).

“ERISA Event” means (a) a Reportable Event with respect to a Pension Plan; (b) the withdrawal of the Borrower or any ERISA Affiliate from a Pension Plan subject to Section 4063 of ERISA during a plan year in which such entity was a “substantial employer” as defined in Section 4001(a)(2) of ERISA or a cessation of operations that is treated as such a withdrawal under Section 4062(e) of ERISA; (c) a complete or partial withdrawal by the Borrower or any ERISA Affiliate from a Multiemployer Plan or notification that a Multiemployer Plan is insolvent; (d) the filing of a notice of intent to terminate or the treatment of a Pension Plan amendment as a termination under Section 4041 or 4041A of ERISA; (e) the institution by the PBGC of proceedings to terminate a Pension Plan; (f) any event or condition which constitutes grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Pension Plan; (g) the determination that any Pension Plan is considered an at-risk plan or a plan in endangered or critical status within the meaning of Sections 430 or 432 of the Code or Sections 303 or 305 of ERISA; or (h) the imposition of any liability under Title IV of ERISA, other than for PBGC premiums due but not delinquent under Section 4007 of ERISA, upon the Borrower or any ERISA Affiliate.

“Erroneous Payment” has the meaning specified in Section 9.13(a).

“Erroneous Payment Deficiency Assignment” has the meaning specified in Section 9.13(b).

“Erroneous Payment Impacted Class” has the meaning specified in Section 9.13(b).

“Erroneous Payment Return Deficiency” has the meaning specified in Section 9.13(b).

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

“Event of Default” has the meaning specified in Section 8.01. “Exchange Act” means the Securities Exchange Act of 1934.

“Excluded Subsidiaries” means any Unrestricted Subsidiary, any Regulated Subsidiary, any not-for-profit Subsidiary, any FSHCO, any non-wholly owned Subsidiary, any Subsidiary with respect to which the Borrower reasonably determines that the cost or other consequences of providing a Guarantee (including any adverse tax consequences) would be excessive in view of the benefits to be obtained by the Lenders therefrom, any Domestic Subsidiary of a Foreign Subsidiary that is a CFC and any Subsidiary that is prohibited, but only so long as such Subsidiary would be prohibited, by applicable law, rule or regulation or by any contractual obligation existing on the Amendment No. 1 Effective Date or existing at the time of acquisition thereof after the Amendment No. 1 Effective Date (so long as such prohibition did not arise as part of such acquisition), in each case, from guaranteeing the Obligations or that would require governmental (including regulatory) consent, approval, license or authorization to provide a Guarantee unless such consent, approval, license or authorization has been received (but without obligation to seek the same), any captive insurance company and any special purpose entity.

“Excluded Swap Obligation” means, with respect to any Guarantor, any Swap Obligation if, and only to the extent that, all or a portion of the guaranty of such Guarantor of, or the grant by such Guarantor of a security interest to secure, such Swap Obligation (or any guaranty thereof) is or becomes illegal under the Commodity Exchange Act or any rule, regulation or order of the Commodity Futures Trading Commission (or the application or official interpretation of any thereof), including by virtue of such Guarantor’s failure for any reason to constitute an “eligible contract participant” as defined in the Commodity Exchange Act and the regulations thereunder at the time the guaranty of such Guarantor or the grant of such security interest becomes effective with respect to such Swap Obligation. If a Swap Obligation arises under a master agreement governing more than one swap, such exclusion shall apply only to the portion of such Swap Obligation that is attributable to swaps for which such guaranty or security interest is or becomes illegal.

“Excluded Taxes” means, with respect to the Administrative Agent, any Lender, the L/C Issuer or any other recipient of any payment made by or on account of any obligation of the Borrower hereunder or under any other Loan Document, (a) Taxes imposed on or measured by its net income (however denominated), and franchise Taxes imposed on it (in lieu of net income Taxes), by the jurisdiction (or any political subdivision thereof) under the Laws of which such recipient is organized or in which its principal office is located or, in the case of any Lender, in which its applicable Lending Office is located, (b) any branch profits Taxes imposed by the United States or any similar Tax imposed by any other jurisdiction in which the Borrower is located, (c) any backup withholding Tax that is required by the Code to be withheld from amounts payable to a Lender that has failed to comply with clause (A) of Section 3.01(e)(ii), (d) in the case of a Foreign Lender (other than an assignee pursuant to a request by the Borrower under Section 10.13), any United States federal withholding Tax that (i) is imposed on amounts payable to such Foreign Lender pursuant to the Laws in force at the time such Foreign Lender becomes a party hereto (or designates a new Lending Office) or (ii) is attributable to such Foreign Lender’s failure or inability (other than as a result of a Change in Law) to comply with clause (B) of Section 3.01(e)(ii), except to the extent that such Foreign Lender (or its assignor, if any) was entitled, immediately before the designation of a new Lending Office (or assignment), to receive additional amounts from the Borrower with respect to such withholding Tax pursuant to Section 3.01(a)(ii) or (c), and (e) any United States withholding Tax imposed pursuant to FATCA.

“Existing Credit Agreement” means that certain Credit Agreement, dated as of April 12, 2011, among AAR Corp., the lenders from time to time party thereto and Bank of America, N.A., as amended from time to time.

“Existing Letters of Credit” means those letters of credit set forth on Schedule 2.04(b) which shall be deemed to have been issued pursuant to the terms and conditions hereof and shall constitute Letters of Credit hereunder.

“Fair Market Value” means, at any time and with respect to any property, the sale value of such property that would be realized in an arm’s-length sale at such time between an informed and willing buyer and an informed and willing seller (neither being under a compulsion to buy or sell).

“FATCA” means Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof, any agreement entered into pursuant to Section 1471(b)(1) of the Code and any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement, treaty or convention among Governmental Authorities and implementing such Sections of the Code.

“Federal Funds Rate” means, for any day, the rate per annum equal to the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System, as published by the Federal Reserve Bank of New York on the Business Day next succeeding such day, provided that if such rate is not so published for any day which is a Business Day, the Federal Funds Rate for such day shall be the average of the quotation for such day on such transactions received by the Administrative Agent from three federal funds brokers of recognized standing selected by the Administrative Agent. Notwithstanding the foregoing, if the Federal Funds Rate shall be less than zero, such rate shall be deemed to be zero for purposes of this Agreement.

“Fee Letter” means the amended and restated letter agreement, dated as of the date hereof, among the Borrower, the Administrative Agent and the Arranger.

“Fiscal Quarter” means a fiscal quarter of a Fiscal Year.

“Fiscal Year” means the fiscal year of the Borrower and its Subsidiaries, which period shall be the 12-month period ending on May 31st of each year. References to a Fiscal Year with a number corresponding to any calendar year (e.g., “Fiscal Year 2022”) refer to the Fiscal Year ending on May 31st of such calendar year.

“Fixed Amounts” shall have the meaning assigned to such term in Section 1.09(b).

“Floor” means a rate of interest equal to 0.00%.

“Foreign Lender” means a Lender that is not a U.S. Person.

“Foreign Subsidiary” means any Subsidiary that is organized under the laws of a jurisdiction other than the United States, any state thereof or the District of Columbia.

“FRB” means the Board of Governors of the Federal Reserve System of the United States.

“Fronting Exposure” means, at any time there is a Defaulting Lender, (a) with respect to the L/C Issuer, such Defaulting Lender’s Applicable Percentage of the outstanding L/C Obligations other than L/C Obligations as to which such Defaulting Lender’s participation obligation has been reallocated to other Lenders or Cash Collateralized in accordance with the terms hereof, and (b) with respect to the Swing Line Lender, such Defaulting Lender’s Applicable Percentage of Swing Line Loans other than Swing Line Loans as to which such Defaulting Lender’s participation obligation has been reallocated to other Lenders or Cash Collateralized in accordance with the terms hereof.

“FSHCO” means (i) any Domestic Subsidiary that has no material assets other than Equity Interests (or Equity Interests and indebtedness) of one or more Foreign Subsidiaries that are CFCs and (ii) any Domestic Subsidiary that has no material assets other than Equity Interests (or Equity Interests and indebtedness) of one or more Foreign Subsidiaries that are CFCs and/or, directly or indirectly, in one or more other entities described in clause (i) of this definition.

“Fund” means any Person (other than a natural Person) that is (or will be) engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course of its activities.

“GAAP” means generally accepted accounting principles in the United States set forth in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or

such other principles as may be approved by a significant segment of the accounting profession in the United States, that are applicable to the circumstances as of the date of determination, consistently applied.

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

“Guarantee” means, as to any Person, (a) any obligation, contingent or otherwise, of such Person guaranteeing or having the economic effect of guaranteeing any Debt or other obligation payable or performable by another Person (the “primary obligor”) in any manner, whether directly or indirectly, and including any obligation of such Person, direct or indirect, (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Debt or other obligation, (ii) to purchase or lease property, securities or services for the purpose of assuring the obligee in respect of such Debt or other obligation of the payment or performance of such Debt or other obligation, (iii) to maintain working capital, equity capital or any other financial statement condition or liquidity or level of income or cash flow of the primary obligor so as to enable the primary obligor to pay such Debt or other obligation, or (iv) entered into for the purpose of assuring in any other manner the obligee in respect of such Debt or other obligation of the payment or performance thereof or to protect such obligee against loss in respect thereof (in whole or in part), or (b) any Lien on any assets of such Person securing any Debt or other obligation of any other Person, whether or not such Debt or other obligation is assumed by such Person (or any right, contingent or otherwise, of any holder of such Debt to obtain any such Lien). The amount of any Guarantee shall be deemed to be an amount equal to the stated or determinable amount of the related primary obligation, or portion thereof, in respect of which such Guarantee is made or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof as determined by the guaranteeing Person in good faith. The term “Guarantee” as a verb has a corresponding meaning.

“Guarantors” means, collectively, each existing and future direct and indirect Significant Subsidiary that is a Domestic Subsidiary and each other Domestic Subsidiary that from time to time shall upon the request of the Borrower become a party to the Guaranty; provided that in no event shall any Excluded Subsidiary be a Guarantor.

“Guaranty” means the Guaranty made by the Guarantors in favor of the Administrative Agent and the Lenders, substantially in the form of Exhibit G.

“Hazardous Materials” means all explosive or radioactive substances or wastes and all hazardous or toxic substances, wastes or other pollutants, including petroleum or petroleum distillates, asbestos or asbestos-containing materials, polychlorinated biphenyls, radon gas, infectious or medical wastes and all other substances or wastes of any nature regulated pursuant to any Environmental Law.

“Hedging Agreement” means any interest rate, currency or commodity swap agreement, cap agreement or collar agreement, and any other agreement or arrangement designed to protect a Person against fluctuations in interest rates, currency exchange rates or commodity prices.

“Hedging Obligation” means, with respect to any Person, any liability of such Person under any Hedging Agreement.

“Hedging Termination Value” means, in respect of any one or more Hedging Agreements, after taking into account the effect of any legally enforceable netting agreement relating to such Hedging

Agreements, (a) for any date on or after the date such Hedging Agreements have been closed out and termination value(s) determined in accordance therewith, such termination value(s), and (b) for any date prior to the date referenced in clause (a), the amount(s) determined as the mark-to-market value(s) for such Hedging Agreements, as determined based upon one or more mid-market or other readily available quotations provided by any recognized dealer in such Hedging Agreements (which may include a Lender or any Affiliate of a Lender).

“Impacted Loans” has the meaning specified in Section 3.03(a).

“Incurrence-Based Amounts” shall have the meaning assigned to such term in Section 1.09(b).

“Indemnified Taxes” means Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by or on account of any obligation of the Borrower hereunder or under any other Loan Document.

“Indemnitees” has the meaning specified in Section 10.04(b).

“Information” has the meaning specified in Section 10.07.

“Interest Coverage Ratio” means, for any Computation Period, the ratio of (a) the total for such period of EBITDA for the Borrower and its Restricted Subsidiaries to (b) the total for such period of required payments of cash Interest Expense by the Borrower and its Restricted Subsidiaries.

“Interest Expense” means for any period the consolidated net interest expense of the Borrower and its Restricted Subsidiaries for such period (including all imputed interest on Capital Leases).

“Interest Payment Date” means, (a) as to any Loan other than a Base Rate Loan, the last day of each Interest Period applicable to such Loan and the Maturity Date; provided, however, that if any Interest Period for a SOFR Loan exceeds three months, the respective dates that fall every three months after the beginning of such Interest Period shall also be Interest Payment Dates; and (b) as to any Base Rate Loan (including a Swing Line Loan), the last Business Day of each calendar month and the Maturity Date.

“Interest Period” means, as to each SOFR Loan, the period commencing on the date such SOFR Loan is disbursed or (in the case of any SOFR Committed Loan) converted to or continued as a SOFR Loan and ending on the date one, three or six months thereafter, as selected by the Borrower in its Committed Loan Notice; provided that:

(i) any Interest Period that would otherwise end on a day that is not a Business Day shall be extended to the next succeeding Business Day unless, in the case of a SOFR Loan, such Business Day falls in another calendar month, in which case such Interest Period shall end on the next preceding Business Day;

(ii) any Interest Period pertaining to a SOFR Loan that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day of the calendar month at the end of such Interest Period; and

(iii) no Interest Period shall extend beyond the Maturity Date.

“Investment” means, as to any Person, any direct or indirect acquisition or investment by such Person, whether by means of (a) the purchase or other acquisition of Equity Interest of another Person, (b) a loan, advance or capital contribution to, or Guarantee or assumption of Debt of, another Person or (c) the purchase or other acquisition (in one transaction or a series of transactions) of assets of another Person that constitute a business unit. For purposes of covenant compliance, the amount of any Investment shall be the amount actually invested, without adjustment for subsequent increases or decreases in the value of such Investment.

“IRS” means the United States Internal Revenue Service.

“ISP” means, with respect to any Letter of Credit, the “International Standby Practices 1998” published by the Institute of International Banking Law & Practice, Inc. (or such later version thereof as may be in effect at the time of issuance).

“Issuer Documents” means with respect to any Letter of Credit, the Letter of Credit Application, and any other document, agreement and instrument entered into by the L/C Issuer and the Borrower (or any Subsidiary) or in favor of the L/C Issuer and relating to such Letter of Credit.

“Laws” means, collectively, all international, foreign, Federal, state and local statutes, treaties, rules, guidelines, regulations, ordinances, codes and administrative or judicial precedents or authorities, including the interpretation or administration thereof by any Governmental Authority charged with the enforcement, interpretation or administration thereof, and all applicable administrative orders, directed duties, requests, licenses, authorizations and permits of, and agreements with, any Governmental Authority, in each case whether or not having the force of law.

“L/C Advance” means, with respect to each Lender, such Lender’s funding of its participation in any L/C Borrowing in accordance with its Applicable Percentage.

“L/C Borrowing” means an extension of credit resulting from a drawing under any Letter of Credit which has not been reimbursed on the date when made or refinanced as a Committed Borrowing.

“L/C Credit Extension” means, with respect to any Letter of Credit, the issuance thereof or extension of the expiry date thereof, or the increase of the amount thereof.

“L/C Issuer” means Wells Fargo, Bank of America, N.A., PNC Bank, National Association, CIBC Bank USA or another Lender designated by the Borrower and approved by the Administrative Agent, in its capacity as issuer of Letters of Credit hereunder, or any successor issuer of Letters of Credit hereunder.

“L/C Obligations” means, as at any date of determination, the aggregate amount available to be drawn under all outstanding Letters of Credit plus the aggregate of all Unreimbursed Amounts, including all L/C Borrowings. For purposes of computing the amount available to be drawn under any Letter of Credit, the amount of such Letter of Credit shall be determined in accordance with Section 1.06. For all purposes of this Agreement, if on any date of determination a Letter of Credit has expired by its terms but any amount may still be drawn thereunder by reason of the operation of Rule 3.14 of the ISP, such Letter of Credit shall be deemed to be “outstanding” in the amount so remaining available to be drawn.

“LCT Election” shall have the meaning assigned to such term in Section 1.09(a).

“LCT Test Date” shall have the meaning assigned to such term in Section 1.09(a).

“Lender” has the meaning specified in the introductory paragraph hereto and, as the context requires, includes the Swing Line Lender.

“Lending Office” means, as to any Lender, the office or offices of such Lender described as such in such Lender’s Administrative Questionnaire, or such other office or offices as a Lender may from time to time notify the Borrower and the Administrative Agent.

“Letter of Credit” means any commercial letter of credit or any standby letter of credit issued hereunder and shall include the Existing Letters of Credit.

“Letter of Credit Application” means an application and agreement for the issuance or amendment of a Letter of Credit in the form from time to time in use by the L/C Issuer.

“Letter of Credit Expiration Date” means the day that is seven days prior to the Maturity Date then in effect (or, if such day is not a Business Day, the next preceding Business Day).

“Letter of Credit Fee” has the meaning specified in Section 2.04(h).

“Letter of Credit Sublimit” means an amount equal to \$80,000,000. The Letter of Credit Sublimit is part of, and not in addition to, the Aggregate Commitments.

“Letter of Credit Sublimit Amount” means, with respect to each L/C Issuer, the commitment of such L/C Issuer to issue Letters of Credit hereunder. The initial amount of each L/C Issuer’s Letter of Credit Sublimit Amount is set forth on Schedule 2.04(a), or if an L/C Issuer has entered into an Assignment and Assumption or has otherwise assumed a Letter of Credit Sublimit Amount after the Closing Date, the amount set forth for such L/C Issuer as its Letter of Credit Sublimit Amount in the Register maintained by the Administrative Agent. The Letter of Credit Sublimit Amount of an L/C Issuer may be modified from time to time by agreement between such L/C Issuer and the Borrower, and notified to the Administrative Agent.

“Limited Condition Acquisition” shall mean any acquisition (including by means of a merger, amalgamation or consolidation) of, or Investment by one or more of the Borrower and its Subsidiaries (other than intercompany Investments) in, any assets, business or Person the consummation of which is not conditioned on the availability of, or on obtaining, third-party financing.

“Limited Condition Transaction” shall mean any (a) Limited Condition Acquisition, (b) redemption or repayment of Debt requiring irrevocable advance notice or any irrevocable offer to purchase Debt or (c) any declaration of a distribution or dividend in respect of, or irrevocable advance notice of, or any irrevocable offer to, purchase, redeem or otherwise acquire or retire for value, any Equity Interests of the Borrower or any Restricted Subsidiary.

“Lien” means any mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), charge, or preference, priority or other security interest or preferential arrangement in the nature of a security interest of any kind or nature whatsoever (including any conditional sale or other title retention agreement, any easement, right of way or other encumbrance on title to real property, and any financing lease having substantially the same economic effect as any of the foregoing).

“Loan” means an extension of credit by a Lender to the Borrower under Article II in the form of a Committed Loan or a Swing Line Loan.

“Loan Documents” means this Agreement, including schedules and exhibits hereto, each Note, each Issuer Document, any agreement creating or perfecting rights in Cash Collateral pursuant to the provisions of Section 2.17 of this Agreement, the Fee Letter, the Guaranty and any amendments, modifications or supplements hereto or to any other Loan Document or waivers hereof or to any other Loan Document.

“Loan Parties” means, collectively, the Borrower and each Guarantor.

“LTM EBITDA” means, as of any date of determination, consolidated EBITDA for the Borrower and its Restricted Subsidiaries, determined on a pro forma basis, for the four Fiscal Quarter period then most recently ended for which a Compliance Certificate has been delivered pursuant to Section 6.01(c).

“Material” means material in relation to the business, operations, affairs, financial condition, assets, properties or prospects of the Borrower and its Restricted Subsidiaries taken as a whole.

“Material Adverse Effect” means (a) a material adverse change in, or a material adverse effect upon, the financial condition, operations, assets, business, or properties of the Borrower and its Restricted Subsidiaries taken as a whole; (b) a material impairment of the ability of the Borrower to perform any of the obligations under any Loan Document to which it is a party; or (c) a material adverse effect upon the legality, validity, binding effect or enforceability against the Borrower of any Loan Document to which it is a party.

“Maturity Date” means December 14, 2027; provided, however, that if such date is not a Business Day, the Maturity Date shall be the next preceding Business Day.

“Multiemployer Plan” means any employee benefit plan of the type described in Section 4001(a)(3) of ERISA, to which the Borrower or any ERISA Affiliate makes or is obligated to make contributions, or during the preceding five plan years, has made or been obligated to make contributions.

“Multiple Employer Plan” means a Plan which has two or more contributing sponsors (including the Borrower or any ERISA Affiliate) at least two of whom are not under common control, as such a plan is described in Section 4064 of ERISA.

“Net Proceeds Amount” means, with respect to any Transfer of any property by any Person, an amount equal to the difference of (a) the aggregate amount of the consideration (valued at the Fair Market Value of such consideration at the time of the consummation of such Transfer) received by such Person in respect of such Transfer, minus (b) all ordinary and reasonable out-of-pocket costs and expenses actually incurred by such Person in connection with such Transfer.

“Non-Consenting Lender” has the meaning specified in Section 10.13.

“Nonrecourse Debt” means any Debt of any Person which, by the terms thereof, does not represent a claim against any general assets or revenues of such Person other than the specific assets that are subject to a Lien securing such Debt.

“Note” means a promissory note made by the Borrower in favor of a Lender evidencing Loans made by such Lender, substantially in the form of Exhibit D.

“Notice of Committed Loan Prepayment” means a notice of prepayment with respect to a Committed Loan, which shall be in such form as may be approved by the Administrative Agent

(including any form on an electronic platform or electronic transmission system as shall be approved by the Administrative Agent), appropriately completed and signed by a Responsible Officer.

“Obligations” means all obligations (monetary (including post-petition interest, allowed or not) or otherwise) of the Borrower and other Loan Parties under this Agreement and any other Loan Document including Attorney Costs and any reimbursement obligations of the Borrower in respect of Letters of Credit and surety bonds, all Hedging Obligations permitted hereunder which are owed to any Lender or its Affiliate or the Administrative Agent, and all Bank Products Obligations, all in each case howsoever created, arising or evidenced, whether direct or indirect, absolute or contingent, now or hereafter existing, or due or to become due, provided that the Obligations shall exclude any Excluded Swap Obligations.

“OFAC” means the U.S. Department of the Treasury’s Office of Foreign Assets Control, and any successor thereto.

“Operating Leases” means any lease of (or other agreement conveying the right to use) any real or personal property by the Borrower or any Restricted Subsidiary, as lessee, other than any Capital Lease.

“Organization Documents” means, (a) with respect to any corporation, the certificate or articles of incorporation and the bylaws (or equivalent or comparable constitutive documents with respect to any non-U.S. jurisdiction); (b) with respect to any limited liability company, the certificate or articles of formation or organization and operating agreement; and (c) with respect to any partnership, joint venture, trust or other form of business entity, the partnership, joint venture or other applicable agreement of formation or organization and any agreement, instrument, filing or notice with respect thereto filed in connection with its formation or organization with the applicable Governmental Authority in the jurisdiction of its formation or organization and, if applicable, any certificate or articles of formation or organization of such entity.

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

“Other Taxes” means all present or future stamp, court or documentary, intangible, recording, filing or similar Taxes arising from any payment made hereunder or under any other Loan Document or from the execution, delivery or enforcement of, or otherwise with respect to, this Agreement or any other Loan Document, except any such Taxes that are Other Connection Taxes imposed with respect to an assignment (other than an assignment pursuant to a request by the Borrower under Section 10.13).

“Outstanding Amount” means (i) with respect to Committed Loans and Swing Line Loans on any date, the aggregate outstanding principal amount thereof after giving effect to any borrowings and prepayments or repayments of Committed Loans and Swing Line Loans, as the case may be, occurring on such date; and (ii) with respect to any L/C Obligations on any date, the amount of such L/C Obligations on such date after giving effect to any L/C Credit Extension occurring on such date and any other changes in the aggregate amount of the L/C Obligations as of such date, including as a result of any reimbursements by the Borrower of Unreimbursed Amounts.

“Overnight Rate” means, for any day, the greater of (a) the Federal Funds Rate and (b) an overnight rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation.

“Participant” has the meaning specified in Section 10.06(d).

“Participant Register” has the meaning specified in Section 10.06(d).

“Payment Recipient” has the meaning specified in Section 9.13(a).

“PBGC” means the Pension Benefit Guaranty Corporation.

“Pension Plan” means any employee pension benefit plan (including a Multiple Employer Plan or a Multiemployer Plan) that is maintained or is contributed to by the Borrower or any ERISA Affiliate and is either covered by Title IV of ERISA or is subject to the minimum funding standards under Section 412 of the Code.

“Periodic Term SOFR Determination Day” has the meaning assigned thereto in the definition of “Term SOFR”.

“Permitted Receivables Transactions” means any sale of notes or accounts receivable by the Borrower or a Restricted Subsidiary so long as such sale constitutes a “true sale” under GAAP and recourse to the Borrower and its Restricted Subsidiaries in connection with such sale is limited to (a) the retained portion of the notes or accounts receivable or (b) such other recourse as the Borrower determines in good faith (which determination shall be conclusive) is customary or otherwise necessary or advisable in connection with such transaction.

“Person” means any natural person, corporation, firm, joint venture, partnership, limited liability company, association, enterprise, trust or other entity or organization, or any government or political subdivision or any agency, department or instrumentality thereof.

“Plan” means any employee benefit plan within the meaning of Section 3(3) of ERISA (including a Pension Plan), maintained for employees of the Borrower or any ERISA Affiliate or any such Plan to which the Borrower or any ERISA Affiliate is required to contribute on behalf of any of its employees.

“Platform” has the meaning specified in Section 10.02(b).

“Prime Rate” means, at any time, the rate of interest per annum publicly announced from time to time by the Administrative Agent as its prime rate. Each change in the Prime Rate shall take effect at the opening of business on the day specified in the public announcement of such change. The parties hereto acknowledge that the rate announced publicly by the Administrative Agent as its prime rate is an index or base rate and shall not necessarily be its lowest or best rate charged to its customers or other banks.

“Property Reinvestment Application” means, with respect to any Transfer of property, the application of an amount equal to the Net Proceeds Amount with respect to such Transfer to acquire, develop or maintain assets used in the ordinary course of the Borrower’s or Restricted Subsidiaries’ business.

“PTE” means a prohibited transaction class exemption issued by the U.S. Department of Labor, as any such exemption may be amended from time to time.

“Recipient” means the Administrative Agent, any Lender and any L/C Issuer, as applicable.

“Register” has the meaning specified in Section 10.06(c).

“Regulated Subsidiary” means any entity that is subject to United States or foreign, federal, state or local regulation over its ability to incur Indebtedness or create Liens (including Liens with respect to its own Equity Interests).

“Related Parties” means, with respect to any Person, such Person’s Affiliates and the partners, directors, officers, employees, agents, trustees and advisors of such Person and of such Person’s Affiliates.

“Relevant Governmental Body” means the FRB or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the FRB or the Federal Reserve Bank of New York, or any successor thereto.

“Reportable Event” means any of the events set forth in Section 4043(c) of ERISA or the regulations issued thereunder, other than events for which the 30-day notice period has been waived.

“Request for Credit Extension” means (a) with respect to a Borrowing, conversion or continuation of Committed Loans, a Committed Loan Notice, (b) with respect to an L/C Credit Extension, a Letter of Credit Application, and (c) with respect to a Swing Line Loan, a Swing Line Loan Notice.

“Required Lenders” means, as of any date of determination, not less than three Lenders having more than 50% of the Aggregate Commitments or, if the commitment of each Lender to make Loans and the obligation of the L/C Issuer to make L/C Credit Extensions have been terminated pursuant to Section 8.02, not less than three Lenders holding in the aggregate more than 50% of the Total Outstandings (with the aggregate amount of each Lender’s risk participation and funded participation in L/C Obligations and Swing Line Loans being deemed “held” by such Lender for purposes of this definition); provided that the Commitment of, and the portion of the Total Outstandings held or deemed held by, any Defaulting Lender shall be excluded for purposes of making a determination of Required Lenders.

“Resolution Authority” means an EEA Resolution Authority or, with respect to any UK Financial Institution, a UK Resolution Authority.

“Responsible Officer” means the chief executive officer, the chief financial officer, the president and chief operating officer, the chief accounting officer, the treasurer or the assistant treasurer of a Loan Party and solely for purposes of the delivery of incumbency certificates pursuant to Section 4.01, the secretary or any assistant secretary of a Loan Party and, solely for purposes of notices given pursuant to Article II, any other officer or employee of the applicable Loan Party so designated by any of the foregoing officers in a notice to the Administrative Agent or any other officer or employee of the applicable Loan Party designated in or pursuant to an agreement between the applicable Loan Party and the Administrative Agent. Any document delivered hereunder that is signed by a Responsible Officer of a Loan Party shall be conclusively presumed to have been authorized by all necessary corporate, partnership and/or other action on the part of such Loan Party and such Responsible Officer shall be conclusively presumed to have acted on behalf of such Loan Party.

“Restricted Payment” means any dividend or other distribution (whether in cash, securities or other property) with respect to any capital stock or other Equity Interest of the Borrower or any Restricted Subsidiary, or any payment (whether in cash, securities or other property), including any sinking fund or similar deposit, on account of the purchase, redemption, retirement, acquisition,

cancellation or termination of any such capital stock or other Equity Interest, or on account of any return of capital to the Borrower's stockholders, partners or members (or the equivalent Person thereof).

"Restricted Subsidiary" means each Subsidiary of the Borrower other than an Unrestricted Subsidiary.

"Restricted Subsidiary Stock" means, with respect to any Person, the stock (or any options or warrants to purchase stock or other Equity Interests exchangeable for or convertible into stock) of any Restricted Subsidiary of such Person.

"Sanctioned Country" means, at any time, any country or territory which is itself the subject or target of any comprehensive Sanctions.

"Sanctioned Person" means, at any time, (a) any Person or group listed in any Sanctions-related list of designated Persons maintained by OFAC or the U.S. Department of State, the United Nations Security Council, the European Union or any EU member state, (b) any Person or group operating, organized or resident in a Sanctioned Country, (c) any agency, political subdivision or instrumentality of the government of a Sanctioned Country, or (d) any Person owned or Controlled, directly or indirectly, by any of the above.

"Sanctions" means economic or financial sanctions or trade embargoes imposed, administered or enforced from time to time by (a) the U.S. government, including those administered by OFAC or the

U.S. Department of State or (b) the United Nations Security Council, the European Union or Her Majesty's Treasury of the United Kingdom.

"SEC" means the Securities and Exchange Commission, or any Governmental Authority succeeding to any of its principal functions.

"SEC Filings" means, as at any date, the Borrower's Annual Report on Form 10-K prepared in compliance with the requirements therefor and filed with the SEC most recently prior to such date, and all of the Borrower's Quarterly Reports on Forms 10-Q and/or other reports, including on Form 8-K, in each case prepared in compliance with the requirements therefor and filed with the SEC since the date of such Form 10-K filing.

"Senior Notes" means any series of senior unsecured notes issued under the Senior Notes Indenture.

"Senior Notes Indenture" means that certain Indenture of the Borrower, dated as of March 1, 2024 (including any supplemental indenture relating thereto or in respect thereof).

"Significant Subsidiary" means at any time any Restricted Subsidiary which accounts for more than (i) 10% of the Consolidated Assets of the Borrower and its Restricted Subsidiaries as of the last day of the most recently ended four Fiscal Quarter Period for which a Compliance Certificate has been delivered pursuant to Section 6.01(c) or (ii) 10% of the consolidated revenue of the Borrower and its Restricted Subsidiaries for the four Fiscal Quarter period then most recently ended for which a Compliance Certificate has been delivered pursuant to Section 6.01(c); provided, however, that if no single Restricted Subsidiary qualifies as a Significant Subsidiary under clauses (i) or (ii), but two or more Restricted Subsidiaries, when taken together, account for more than 10% of the Consolidated Assets or the consolidated revenue of the Borrower and its Restricted Subsidiaries (determined as provided above), then the Borrower shall designate Restricted Subsidiaries as Significant Subsidiaries until the remaining Restricted Subsidiaries that have not been so designated account, on an a combined basis, for less than

10% of Consolidated Assets and consolidated revenue for the Borrower and all of the Restricted Subsidiaries (determined as provided above).

“SOFR” means a rate equal to the secured overnight financing rate as administered by the SOFR Administrator.

“SOFR Administrator” means the Federal Reserve Bank of New York (or a successor administrator of the secured overnight financing rate).

“SOFR Committed Loan” means a Committed Loan that bears interest at a rate based on Adjusted Term SOFR.

“SOFR Loan” means a SOFR Committed Loan.

“Specified Acquisition” has the meaning specified in Section 7.13(b).

“Subordinated Debt” means any Debt of the Borrower that is (i) junior and subordinate in right of payment to the Loans and other Obligations pursuant to subordination provisions that have been approved in writing by the Required Lenders and (ii) has a final maturity no earlier than any of the Loans and a weighted average life to maturity (determined in accordance with standard financial practice) that is no shorter than any of the Loans.

“Subsidiary” of a Person means a corporation, partnership, joint venture, limited liability company or other business entity of which a majority of the shares of securities or other interests having ordinary voting power for the election of directors or other governing body (other than securities or interests having such power only by reason of the happening of a contingency) are at the time beneficially owned by such Person. Unless otherwise specified, all references herein to a “Subsidiary” or to “Subsidiaries” shall refer to a Subsidiary or Subsidiaries of the Borrower.

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

“Swing Line Borrowing” means a borrowing of a Swing Line Loan pursuant to Section 2.05.

“Swing Line Lender” means Wells Fargo in its capacity as provider of Swing Line Loans, or any successor swing line lender hereunder.

“Swing Line Loan” has the meaning specified in Section 2.05(a).

“Swing Line Loan Notice” means a notice of a Swing Line Borrowing pursuant to Section 2.05(b), which, if in writing, shall be substantially in the form of Exhibit C or such other form as approved by the Administrative Agent (including any form on an electronic platform or electronic transmissions system as shall be approved by the Administrative Agent), appropriately completed and signed by a Responsible Officer of the Borrower.

“Swing Line Sublimit” means an amount equal to the lesser of (a) \$35,000,000 and (b) the Aggregate Commitments. The Swing Line Sublimit is part of, and not in addition to, the Aggregate Commitments.

“Taxes” means all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

“Term SOFR” means,

(a) for any calculation with respect to a SOFR Loan, the Term SOFR Reference Rate for a tenor comparable to the applicable Interest Period on the day (such day, the “Periodic Term SOFR Determination Day”) that is two (2) U.S. Government Securities Business Days prior to the first day of such Interest Period, as such rate is published by the Term SOFR Administrator; provided, however, that if as of 5:00 p.m. (New York City time) on any Periodic Term SOFR Determination Day the Term SOFR Reference Rate for the applicable tenor has not been published by the Term SOFR Administrator and a Benchmark Replacement Date with respect to the Term SOFR Reference Rate has not occurred, then Term SOFR will be the Term SOFR Reference Rate for such tenor as published by the Term SOFR Administrator on the first preceding U.S. Government Securities Business Day for which such Term SOFR Reference Rate for such tenor was published by the Term SOFR Administrator so long as such first preceding U.S. Government Securities Business Day is not more than three (3) U.S. Government Securities Business Days prior to such Periodic Term SOFR Determination Day, and

(b) for any calculation with respect to a Base Rate Loan on any day, the Term SOFR Reference Rate for a tenor of one month on the day (such day, the “Base Rate Term SOFR Determination Day”) that is two (2) U.S. Government Securities Business Days prior to such day, as such rate is published by the Term SOFR Administrator; provided, however, that if as of 5:00 p.m. (New York City time) on any Base Rate Term SOFR Determination Day the Term SOFR Reference Rate for the applicable tenor has not been published by the Term SOFR Administrator and a Benchmark Replacement Date with respect to the Term SOFR Reference Rate has not occurred, then Term SOFR will be the Term SOFR Reference Rate for such tenor as published by the Term SOFR Administrator on the first preceding U.S. Government Securities Business Day for which such Term SOFR Reference Rate for such tenor was published by the Term SOFR Administrator so long as such first preceding U.S. Government Securities Business Day is not more than three (3) U.S. Government Securities Business Days prior to such Base Rate Term SOFR Determination Day.

“Term SOFR Adjustment” means a percentage equal to 0.10% per annum, as such percentage may be reduced from time to time pursuant to the immediately succeeding proviso; provided that, if at any time, and from time to time, after the Closing Date the Borrower notifies (which notification shall identify the applicable Subject Agreements (as defined below)) the Administrative Agent that a minimum of ten (10) publicly filed credit agreements (x) for pro rata credit facilities with an aggregate facility size no less than \$650,000,000 per agreement, and (y) for borrowers with corporate family ratings of no greater than Ba1 from Moody’s or BB+ from S&P (or the equivalent prevailing ratings) at the time such agreements are entered into (1) have eliminated or do not include the application of credit spread adjustments for loans thereunder based on a Term SOFR benchmark or (2) have implemented a credit spread adjustment below the then applicable Term SOFR Adjustment (any such agreements, in each case under the foregoing clause (1) or (2), the “Subject Agreements”), then the Administrative Agent shall promptly notify the Lenders of (and specify) such Subject Agreements (such notification to Lenders, the “Term SOFR Adjustment Notification”) and, so long as the Administrative Agent has not received written notice of objection to the Subject Agreements from Lenders comprising Required Lenders (any such objection notice shall specify the applicable Subject Agreement(s) and set forth in reasonable detail the reasons such Lenders believe any applicable Subject Agreements do not meet the criteria set forth in the immediately preceding clauses (x) and (y)) within five (5) Business Days after the date of such Term

SOFR Adjustment Notification, the Administrative Agent and the Borrower shall reduce (and the Lenders hereby authorize and consent to such reduction) the Term SOFR Adjustment to 0.00% (or such other percentage to which the Term SOFR Adjustment may be reduced pursuant to the immediately preceding clause (y)(2), as the case may be) for all tenors with respect to Base Rate Loans and SOFR Loans hereunder on the seventh (7th) Business Day after the date of such Term SOFR Adjustment Notification. If Lenders comprising Required Lenders have objected to one or more Subject Agreements, the Administrative Agent shall promptly notify the Lenders thereof and the Borrower may submit a revised Term SOFR Adjustment Notification with additional or replacement Subject Agreements, which revised Term SOFR Adjustment Notification shall be subject to the procedures set forth above. Notwithstanding anything set forth herein, the Administrative Agent shall not be responsible or have any liability for, or have any duty to ascertain, inquire into, or monitor publicly filed credit agreements to determine whether any credit agreements meet the criteria set forth above for Subject Agreements.

“Term SOFR Administrator” means CME Group Benchmark Administration Limited (CBA) (or a successor administrator of the Term SOFR Reference Rate selected by the Administrative Agent and reasonably acceptable to the Borrower).

“Term SOFR Reference Rate” means the forward-looking term rate based on SOFR.

“Total Debt” means all Debt (other than Nonrecourse Debt) of the Borrower and its Restricted Subsidiaries, determined on a consolidated basis, excluding (a) Contingent Liabilities in respect of Debt of the Borrower or any Restricted Subsidiary, (b) Hedging Obligations, and (c) Debt of the Borrower to Restricted Subsidiaries and Debt of Restricted Subsidiaries to the Borrower or to other Restricted Subsidiaries (including all offsetting debits and credits between the Borrower and the Restricted Subsidiaries and all other items required to be eliminated in the course of preparing consolidated financial statements for the Borrower and the Restricted Subsidiaries in accordance with GAAP).

“Total Outstandings” means the aggregate Outstanding Amount of all Loans and all L/C Obligations.

“Transfer” means, with respect to any Person, any transaction in which such Person sells, conveys, transfers or leases (as lessor) any of its property, including Restricted Subsidiary Stock. For purposes of determining the application of the Net Proceeds Amount in respect of any Transfer, the Borrower may designate any Transfer as one or more separate Transfers each yielding a separate Net Proceeds Amount. In any such case, the Disposition Value of any property subject to each such separate Transfer shall be determined by ratably allocating the aggregate Disposition Value of all property subject to all such separate Transfers to each such separate Transfer on a proportionate basis.

“Triumph Acquisition” has the meaning specified in Amendment No. 1.

“Triumph Acquisition Agreement” has the meaning specified in Amendment No. 1.

“Triumph Escrow Merger” has the meaning specified in the definition of “Unrestricted Subsidiary”.

“Triumph Transactions” means (a) the Triumph Acquisition, (b) the other transactions to occur pursuant to or in connection with the Triumph Acquisition Agreement, (c) the Triumph Escrow Merger and (d) the payment of all fees and expenses to be paid and owing in connection with the foregoing.

“Type” means with respect to a Committed Loan, its character as a Base Rate Loan or a SOFR Loan.

“UK Financial Institution” means any BRRD Undertaking (as such term is defined under the PRA Rulebook (as amended from time to time) promulgated by the United Kingdom Prudential Regulation Authority) or any person falling within IFPRU 11.6 of the FCA Handbook (as amended from time to time) promulgated by the United Kingdom Financial Conduct Authority, which includes certain credit institutions and investment firms, and certain affiliates of such credit institutions or investment firms.

“UK Resolution Authority” means the Bank of England or any other public administrative authority having responsibility for the resolution of any UK Financial Institution.

“Unadjusted Benchmark Replacement” means the applicable Benchmark Replacement excluding the related Benchmark Replacement Adjustment.

“Unfunded Liability” means the amount (if any) by which the present value of all vested and unvested accrued benefits under all Pension Plans exceeds the fair market value of all assets allocable to those benefits, all determined as of the then most recent valuation date for each Pension Plan, based on the actuarial assumptions currently being used for funding each Pension Plan on an on-going basis.

“United States” and “U.S.” mean the United States of America.

“Unreimbursed Amount” has the meaning specified in Section 2.04(c)(i).

“Unrestricted Cash” means, on any date, that portion of the Borrower’s and its domestic Restricted Subsidiaries’ cash and Cash Equivalent Investments held with any Lender that is not encumbered by or subject to any Lien (including Liens permitted hereunder), setoff (other than ordinary course setoff rights of a depository bank arising under a bank depository agreement for customary fees, charges and other account-related expenses due to such depository bank thereunder), counterclaim, recoupment, defense or other right in favor of any Person.

“Unrestricted Subsidiary” means each of AAR Aircraft & Engine Sales & Leasing, Inc., each Subsidiary thereof (the “AAR AESL Group”), AAR International Financial Services, L.L.C., each Subsidiary thereof (the “AAR IFS Group”), AAR Airlift Group, Inc., each Subsidiary thereof (the “AAR Airlift Group”), AAR Escrow Issuer, LLC, a Delaware limited liability company, and each other Subsidiary of the Borrower designated as such in a written notice to the Administrative Agent and the Lenders by the Borrower; provided, however, that (i) no such designation shall take effect until the receipt of such notice by the Administrative Agent and the Lenders, (ii) no such designation shall be made if a Default or Event of Default would result therefrom, and (iii) no such designation shall be made without the Required Lenders’ prior written consent if, after giving effect to such designation on a pro forma basis, EBITDA for the Borrower and the Restricted Subsidiaries, on a consolidated basis, would be reduced by more than 10% of consolidated EBITDA for the Borrower and the Restricted Subsidiaries for the four Fiscal Quarter period immediately preceding the Fiscal Quarter in which such designation is made. If at any time a Subsidiary that is designated as an Unrestricted Subsidiary represents (i) more than 10% of the consolidated assets of the Borrower and its Subsidiaries or (ii) more than 10% of the consolidated revenue of the Borrower and its Subsidiaries, such Unrestricted Subsidiary shall automatically be redesignated as a Restricted Subsidiary; provided, however, that this sentence shall not apply to any Subsidiary that is a part of the AAR AESL Group, the AAR IFS Group or the AAR Airlift Group. Effective as of the Amendment No. 1 Effective Date and substantially concurrently with the Triumph Transactions, AAR Escrow Issuer, LLC, a Delaware limited liability company, shall be merged with and into the Borrower (the “Triumph Escrow Merger”) and shall cease to constitute an Unrestricted Subsidiary hereunder.

“U.S. Government Securities Business Day” means any day except for (a) a Saturday, (b) a Sunday or (c) a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in United States government securities; provided, that for purposes of notice requirements related to advances, repayments and notices of conversion/continuation of loans, such day is also a Business Day.

“U.S. Person” means a “United States person” as defined in Section 7701(a)(30) of the Code. “U.S. Tax Compliance Certificate” has the meaning specified in Section 3.01(e).

“Wells Fargo” means Wells Fargo Bank, N.A. and its successors.

“Wholly-Owned Restricted Subsidiary” means a Restricted Subsidiary of the Borrower that is a Wholly-Owned Subsidiary.

“Wholly-Owned Subsidiary” means, as to any Person, a Subsidiary all of the Equity Interests of which (except directors’ qualifying Equity Interests) are at the time directly or indirectly owned by such Person and/or another Wholly-Owned Subsidiary of such Person.

“Write-Down and Conversion Powers” means (a) with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule, and (b) with respect to the United Kingdom, any powers of the applicable Resolution Authority under the Bail-In Legislation to cancel, reduce, modify or change the form of a liability of any UK Financial Institution or any contract or instrument under which that liability arises, to convert all or part of that liability into shares, securities or obligations of that person or any other person, to provide that any such contract or instrument is to have effect as if a right had been exercised under it or to suspend any obligation in respect of that liability or any of the powers under that Bail-In Legislation that are related to or ancillary to any of those powers.

**1.02 Other Interpretive Provisions.** With reference to this Agreement and each other Loan Document, unless otherwise specified herein or in such other Loan Document:

(a) The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words “include,” “includes” and “including” shall be deemed to be followed by the phrase “without limitation.” The word “will” shall be construed to have the same meaning and effect as the word “shall.” Unless the context requires otherwise, (i) any definition of or reference to any agreement, instrument or other document (including any Organization Document) shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein or in any other Loan Document), (ii) any reference herein to any Person shall be construed to include such Person’s successors and assigns, (iii) the words “hereto,” “herein,” “hereof” and “hereunder,” and words of similar import when used in any Loan Document, shall be construed to refer to such Loan Document in its entirety and not to any particular provision thereof, (iv) all references in a Loan Document to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, the Loan Document in which such references appear, (v) any reference to any law shall include all statutory and regulatory provisions consolidating, amending, replacing or interpreting such law and any reference to any law, rule or regulation shall, unless otherwise specified, refer to such law, rule or regulation as amended, modified or supplemented from time to time, and (vi) the words “asset” and “property” shall be construed to have the

same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

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

(c) Section headings herein and in the other Loan Documents are included for convenience of reference only and shall not affect the interpretation of this Agreement or any other Loan Document.

(d) Any reference herein to a merger, transfer, consolidation, amalgamation, consolidation, assignment, sale, disposition or transfer, or similar term, shall be deemed to apply to a division of or by a limited liability company, or an allocation of assets to a series of a limited liability company (or the unwinding of such a division or allocation), as if it were a merger, transfer, consolidation, amalgamation, consolidation, assignment, sale, disposition or transfer, or similar term, as applicable, to, of or with a separate Person. Any division of a limited liability company shall constitute a separate Person hereunder (and each division of any limited liability company that is a Subsidiary, joint venture or any other like term shall also constitute such a Person or entity).

### **1.03 Accounting Terms.**

(a) Generally. All accounting terms not specifically or completely defined herein shall be construed in conformity with, and all financial data (including financial ratios and other financial calculations) required to be submitted pursuant to this Agreement shall be prepared in conformity with, GAAP applied on a consistent basis, as in effect from time to time, applied in a manner consistent with that used in preparing the Audited Financial Statements, except as otherwise specifically prescribed herein.

(b) Changes in GAAP. If the Borrower notifies the Administrative Agent that the Borrower wishes to amend any covenant in Section 6 or Section 7.11 (or any related definition) to eliminate or to take into account the effect of any change in GAAP on the operation of such covenant (or if the Administrative Agent notifies the Borrower that the Required Lenders wish to amend Section 6 or Section 7.13 (or any related definition) for such purpose), then the Borrower’s compliance with such covenant shall be determined on the basis of GAAP in effect immediately before the relevant change in GAAP became effective, until either such notice is withdrawn or such covenant (or related definition) is amended in a manner satisfactory to the Borrower and the Required Lenders. Without limiting the foregoing, leases shall continue to be classified and accounted for on a basis consistent with that reflected in the Audited Financial Statements for purposes of calculating the financial covenants in Section 7.13, notwithstanding any change in GAAP relating thereto, unless the parties hereto shall enter into a mutually acceptable amendment addressing such changes.

**1.04 Rounding.** Any financial ratios required to be maintained by the Borrower pursuant to this Agreement shall be calculated by dividing the appropriate component by the other component, carrying the result to three places more than the number of places by which such ratio is expressed herein and rounding the result up or down to the nearest number (with a rounding-up if there is no nearest number).

**1.05 Times of Day.** Unless otherwise specified, all references herein to times of day shall be references to Central time (daylight or standard, as applicable).

**1.06 Letter of Credit Amounts.** Unless otherwise specified herein, the amount of a Letter of Credit at any time shall be deemed to be the stated amount of such Letter of Credit in effect at such time; provided, however, that with respect to any Letter of Credit that, by its terms or the terms of any Issuer Document related thereto, provides for one or more automatic increases in the stated amount thereof, the amount of such Letter of Credit shall be deemed to be the maximum stated amount of such Letter of Credit after giving effect to all such increases, whether or not such maximum stated amount is in effect at such time and provided further that the amount of any Letter of Credit and of any L/C Obligations with respect to any Letter of Credit issued in a currency other than Dollars is such amount calculated on the basis of the arithmetical mean of the buy and sell spot rates of exchange of the Administrative Agent for such currency on the London market at 11:00 a.m. London time on or as of the most recent date of computation of such amount by the Administrative Agent.

**1.07 Interest Rates.** The Administrative Agent does not warrant or accept any responsibility for, and shall not have any liability with respect to, (a) the continuation of, administration of, submission of, calculation of or any other matter related to the Term SOFR Reference Rate, Adjusted Term SOFR or Term SOFR, or any component definition thereof or rates referred to in the definition thereof, or with respect to any alternative, successor or replacement rate thereto (including any Benchmark Replacement), including whether the composition or characteristics of any such alternative, successor or replacement rate (including any Benchmark Replacement), as it may or may not be adjusted pursuant to Section 3.03(c), will be similar to, or produce the same value or economic equivalence of, or have the same volume or liquidity as, the Term SOFR Reference Rate, Adjusted Term SOFR, Term SOFR or any other Benchmark prior to its discontinuance or unavailability, or (b) the effect, implementation or composition of any Conforming Changes. The Administrative Agent and its Affiliates or other related entities may engage in transactions that affect the calculation of the Term SOFR Reference Rate, Adjusted Term SOFR, Term SOFR, any alternative, successor or replacement rate (including any Benchmark Replacement) or any relevant adjustments thereto and such transactions may be adverse to the Borrower. The Administrative Agent may select information sources or services in its reasonable discretion to ascertain the Term SOFR Reference Rate, Adjusted Term SOFR, or Term SOFR, or any other Benchmark, any component definition thereof or rates referred to in the definition thereof, in each case pursuant to the terms of this Agreement, and shall have no liability to the Borrower, any Lender or any other person or entity for damages of any kind, including direct or indirect, special, punitive, incidental or consequential damages, costs, losses or expenses (whether in tort, contract or otherwise and whether at law or in equity), for any error or calculation of any such rate (or component thereof) provided by any such information source or service. In connection with the use or administration of Term SOFR, the Administrative Agent will, in consultation with the Borrower, have the right to make Conforming Changes from time to time and, notwithstanding anything to the contrary herein or in any other Loan Document, any amendments implementing such Conforming Changes will become effective without any further action or consent of any other party to this Agreement or any other Loan Document. The Administrative Agent will promptly notify the Borrower and the Lenders of the effectiveness of any Conforming Changes in connection with the use or administration of Term SOFR.

**1.08 Divisions.** For all purposes under the Loan Documents, in connection with any division or plan of division under Delaware law with respect to any Person that is a limited liability company formed under Delaware law (or any comparable event under the applicable laws of any other relevant jurisdiction): (a) if any asset, right, obligation or liability of any Person becomes the asset, right, obligation or liability of a different Person, then it shall be deemed to have been transferred from the original Person to the subsequent Person, and (b) if any new Person comes into existence as a result of such division or plan of division (or such other comparable event), such new Person shall be deemed to have been organized and acquired on the first date of its existence by the holders of its Equity Interests at such time.

#### **1.09 Certain Conditions, Calculations and Tests.**

(a) In connection with any action being taken in connection with a Limited Condition Transaction, for purposes of:

(i) determining compliance with any provision of this Agreement which requires the calculation of EBITDA (including, without limitation, tests measured as a percentage of EBITDA), the Adjusted Total Debt to EBITDA Ratio, the Interest Coverage Ratio, consolidated revenues and/or Consolidated Assets (other than for purposes of Section 7.13 (other than for Section 7.06(c) or 7.11(l)) or the Applicable Rate);

(ii) determining the accuracy of representations and warranties and/or whether a Default or Event of Default (or any subset of Defaults or Events of Default) shall have occurred and be continuing; or

(iii) testing availability under baskets set forth in this Agreement (including, without limitation, baskets measured as a percentage of LTM EBITDA or by reference to the Adjusted Total Debt to EBITDA Ratio, the Interest Coverage Ratio, consolidated revenues and/or Consolidated Assets),

in each case, at the option of the Borrower (the Borrower's election to exercise such option in connection with any Limited Condition Transaction, an "LCT Election"), the date of determination of whether any such action is permitted hereunder shall be deemed to be (i) in the case of a Limited Condition Acquisition, the date of the definitive agreements for such Limited Condition Acquisition are entered into or, solely in connection with an acquisition to which the United Kingdom City Code on Takeovers and Mergers (or similar law or regulation) applies, the date on which a "Rule 2.7 announcement" (or similar law or regulation) of a firm intention to make an offer is published on a regulatory information service in respect of a target of a Limited Condition Transaction, (ii) in the case of any redemption or repayment of Debt requiring irrevocable advance notice or any irrevocable offer to purchase Debt, the date of such irrevocable advance notice or irrevocable offer and (iii) in the case of any declaration of a distribution or dividend in respect of, or irrevocable advance notice of, or any irrevocable offer to, purchase, redeem or otherwise acquire or retire for value any Equity Interests of, the Borrower or any Restricted Subsidiary, the date of such declaration, irrevocable advance notice or irrevocable offer (each, an "LCT Test Date"), and if, after giving pro forma effect to the Limited Condition Transaction and the other transactions to be entered into in connection therewith (including any incurrence or repayment or discharge of Debt and/or Liens and the use of proceeds thereof) as if they had occurred at the beginning of the most recent Compliance Period ended prior to the LCT Test Date, the Borrower could have taken such action on the relevant LCT Test Date in compliance with such test, ratio or basket, calculated on a pro forma basis, then such test, ratio or basket shall be deemed to have been complied with. If the Borrower has made an LCT Election and any of the tests, determinations, ratios or baskets for which compliance was determined or tested as of the LCT Test Date are subsequently exceeded as a result of fluctuations in any such test, determination, ratio or basket, including due to fluctuations in EBITDA of the Borrower and its Restricted Subsidiaries, at or prior to the consummation of the relevant transaction or action, such tests, baskets or ratios will be deemed not to have been exceeded as a result of such fluctuations solely for purposes of determining whether the relevant transaction or action is permitted to be consummated or taken; provided, however, that, if any ratios improve or baskets increase as a result of such fluctuations, such improved ratios or baskets may be utilized. If the Borrower has made an LCT Election for any Limited Condition Transaction, then, in connection with any subsequent calculation of any test, determination, ratio or basket availability (other than the testing of any ratio for purposes of Section 7.13 (other than for Section 7.06(c) or 7.11(l)) and the definition of "Applicable Rate") on or following the relevant LCT Test Date and prior to the earlier of the date on which such Limited

Condition Transaction is consummated or the definitive agreement/announcement for such Limited Condition Transaction is terminated or expires without consummation of such Limited Condition Transaction, any such ratio, basket or amount shall be calculated on a pro forma basis assuming such Limited Condition Transaction and other transactions in connection therewith (including any incurrence or discharge of Debt and/or Liens and the use of proceeds thereof) have been consummated.

In connection with any action being taken in connection with a Limited Condition Transaction, for purposes of determining compliance with any provision of this Agreement which requires that no Event of Default or Default, as applicable, has occurred, is continuing or would result from any such action, as applicable, such condition shall, at the option of the Borrower, be deemed satisfied, so long as no Event of Default or Default, as applicable, exists on the LCT Test Date. If the Borrower has exercised its option under this Section 1.09(a) and any Event of Default or Default occurs following the LCT Test Date and prior to the consummation of the applicable transaction, any such Event of Default or Default shall be deemed to not have occurred or be continuing for purposes of determining whether any action being taken in connection with such Limited Condition Transaction is permitted hereunder.

(b) Notwithstanding anything to the contrary herein, with respect to any amounts incurred or transactions entered into (or consummated) in reliance on a provision or covenant of this Agreement that does not require compliance with a financial ratio or test (including any Adjusted Total Debt to EBITDA Ratio and/or Interest Coverage Ratio) (any such amounts, the “Fixed Amounts”) substantially concurrently or in a series of related transactions with any amounts incurred or transactions entered into (or consummated) in reliance on a provision or covenant of this Agreement that does require compliance with any such financial ratio or test (any such amounts, the “Incurrence-Based Amounts”), it is understood and agreed that (x) the Fixed Amounts (and any cash proceeds thereof) shall be disregarded in the calculation of the financial ratio or test applicable to the Incurrence-Based Amounts in connection with such incurrence and (y) the entire transaction (or series of related transactions) shall be calculated on a pro forma basis (including the use of proceeds of all Debt to be incurred and any repayments, repurchases, redemptions or other retirements of Debt). Notwithstanding anything herein to the contrary, if at any time any applicable ratio or financial test for any category based on an Incurrence-Based Amount permits Debt, Liens, Restricted Payments, Asset Dispositions, Acquisition, Investments or any other transaction, as applicable, previously incurred under a category based on a Fixed Amount, such Debt, Lien, Restricted Payment, Asset Disposition, Acquisition, Investment or other transaction, as applicable, shall (unless the Borrower otherwise elects) be deemed to have been automatically reclassified as incurred under such category based on an Incurrence-Based Amount. Furthermore, the Borrower may, in its sole discretion, divide, classify or reclassify within the same covenant, or at any later time divide, classify or reclassify within the same covenant, any such transaction (or any portion thereof) and will only be required to include the amount and type of such transaction in any one category.

## ARTICLE II. THE COMMITMENTS AND CREDIT EXTENSIONS

**2.01 Committed Loans.** Subject to the terms and conditions set forth herein, each Lender severally agrees to make loans (each such loan, a “Committed Loan”) to the Borrower from time to time, on any Business Day during the Availability Period, in an aggregate amount not to exceed at any time outstanding the amount of such Lender’s Commitment; provided, however, that after giving effect to any Committed Borrowing, (i) the Total Outstandings shall not exceed the Aggregate Commitments, and (ii) the aggregate Outstanding Amount of the Committed Loans of any Lender, plus such Lender’s Applicable Percentage of the Outstanding Amount of all L/C Obligations, plus such Lender’s Applicable Percentage of the Outstanding Amount of all Swing Line Loans shall not exceed such Lender’s Commitment. Within the limits of each Lender’s Commitment, and subject to the other terms and conditions hereof, the Borrower may borrow under this Section 2.01, prepay under Section 2.06, and

reborrow under this Section 2.01. Committed Loans may be Base Rate Loans or SOFR Loans, as further provided herein.

## **2.02 Borrowings, Conversions and Continuations of Committed Loans.**

(a) Each Committed Borrowing, each conversion of Committed Loans from one Type to the other, and each continuation of SOFR Committed Loans shall be made upon the Borrower's irrevocable notice to the Administrative Agent, which may be given by (A) telephone or (B) a Committed Loan Notice; provided that any telephonic notice must be confirmed promptly by delivery to the Administrative Agent of a Committed Loan Notice. Each such notice must be received by the Administrative Agent not later than 11:00 a.m. (i) three Business Days prior to the requested date of any Borrowing of, conversion to or continuation of SOFR Committed Loans or of any conversion of SOFR Committed Loans to Base Rate Committed Loans, and (ii) on the requested date of any Borrowing of Base Rate Committed Loans. Each telephonic notice by the Borrower pursuant to this Section 2.02(a) must be confirmed promptly by delivery to the Administrative Agent of a written Committed Loan Notice, appropriately completed and signed by a Responsible Officer of the Borrower. Each Borrowing of, conversion to or continuation of SOFR Committed Loans shall be in a principal amount of \$5,000,000 or a whole multiple of \$1,000,000 in excess thereof. Except as provided in Sections 2.04(c) and 2.05(c), each Borrowing of or conversion to Base Rate Committed Loans shall be in a principal amount of \$2,000,000 or a whole multiple of \$1,000,000 in excess thereof. Each Committed Loan Notice (whether telephonic or written) shall specify (i) whether the Borrower is requesting a Committed Borrowing, a conversion of Committed Loans from one Type to the other, or a continuation of SOFR Committed Loans, (ii) the requested date of the Borrowing, conversion or continuation, as the case may be (which shall be a Business Day), (iii) the principal amount of Committed Loans to be borrowed, converted or continued, (iv) the Type of Committed Loans to be borrowed or to which existing Committed Loans are to be converted, and (v) if applicable, the duration of the Interest Period with respect thereto. If the Borrower fails to specify a Type of Committed Loan in a Committed Loan Notice or if the Borrower fails to give a timely notice requesting a conversion or continuation, then the applicable Committed Loans shall be made as, or converted to, Base Rate Loans. Any such automatic conversion to Base Rate Loans shall be effective as of the last day of the Interest Period then in effect with respect to the applicable SOFR Committed Loans. If the Borrower requests a Borrowing of, conversion to, or continuation of SOFR Committed Loans in any such Committed Loan Notice, but fails to specify an Interest Period, it will be deemed to have specified an Interest Period of one month.

(b) Following receipt of a Committed Loan Notice, the Administrative Agent shall promptly notify each Lender of the amount of its Applicable Percentage of the applicable Committed Loans, and if no timely notice of a conversion or continuation is provided by the Borrower, the Administrative Agent shall notify each Lender of the details of any automatic conversion to Base Rate Loans described in the preceding subsection. In the case of a Committed Borrowing, each Lender shall make the amount of its Committed Loan available to the Administrative Agent in immediately available funds at the Administrative Agent's Office not later than 1:00 p.m. on the Business Day specified in the applicable Committed Loan Notice. Upon satisfaction of the applicable conditions set forth in Section 4.02 (and, if such Borrowing is the initial Credit Extension, Section 4.01), the Administrative Agent shall make all funds so received available to the Borrower in like funds as received by the Administrative Agent either by (i) crediting the account of the Borrower on the books of Wells Fargo with the amount of such funds or (ii) wire transfer of such funds, in each case in accordance with instructions provided to (and reasonably acceptable to) the Administrative Agent by the Borrower; provided, however, that if, on the date the Committed Loan Notice with respect to such Borrowing is given by the Borrower, there are L/C Borrowings outstanding, then the proceeds of such Borrowing, first, shall be applied to the payment in full of any such L/C Borrowings, and second, shall be made available to the Borrower as provided above.

(c) Except as otherwise provided herein, a SOFR Committed Loan may be continued or converted only on the last day of an Interest Period for such SOFR Committed Loan. During the existence of a Default, no Loans may be requested as, converted to or continued as SOFR Committed Loans without the consent of the Required Lenders.

(d) The Administrative Agent shall promptly notify the Borrower and the Lenders of the interest rate applicable to any Interest Period for SOFR Committed Loans upon determination of such interest rate. At any time that Base Rate Loans are outstanding, the Administrative Agent shall notify the Borrower and the Lenders of any change in Wells Fargo's prime rate used in determining the Base Rate promptly following the public announcement of such change.

(e) After giving effect to all Committed Borrowings, all conversions of Committed Loans from one Type to the other, and all continuations of Committed Loans as the same Type, there shall not be more than fifteen (15) Interest Periods in effect with respect to Committed Loans.

**2.03 [Reserved].**

**2.04 Letters of Credit.**

(a) The Letter of Credit Commitment.

(i) Subject to the terms and conditions set forth herein, (A) the L/C Issuer agrees, in reliance upon the agreements of the Lenders set forth in this Section 2.04, (1) from time to time on any Business Day during the period from the Closing Date until the Letter of Credit Expiration Date, to issue Letters of Credit for the account of the Borrower or its Subsidiaries, and to amend Letters of Credit previously issued by it, in accordance with subsection (b) below, and (2) to honor drawings under the Letters of Credit; and (B) the Lenders severally agree to participate in Letters of Credit issued for the account of the Borrower or its Subsidiaries and any drawings thereunder; provided that after giving effect to any L/C Credit Extension with respect to any Letter of Credit, (w) the Total Outstandings shall not exceed the Aggregate Commitments, (x) the aggregate Outstanding Amount of the Committed Loans of any Lender, plus such Lender's Applicable Percentage of the Outstanding Amount of all L/C Obligations, plus such Lender's Applicable Percentage of the Outstanding Amount of all Swing Line Loans shall not exceed such Lender's Commitment, (y) the Outstanding Amount of the L/C Obligations shall not exceed the Letter of Credit Sublimit, and (z) the Outstanding Amount of the L/C Obligations in respect of all Letters of Credit issued by each L/C Issuer shall not exceed such L/C Issuer's Letter of Credit Sublimit Amount. Each request by the Borrower for the issuance or amendment of a Letter of Credit shall be deemed to be a representation by the Borrower that the L/C Credit Extension so requested complies with the conditions set forth in the proviso to the preceding sentence. Within the foregoing limits, and subject to the terms and conditions hereof, the Borrower's ability to obtain Letters of Credit shall be fully revolving, and accordingly the Borrower may, during the foregoing period, obtain Letters of Credit to replace Letters of Credit that have expired or that have been drawn upon and reimbursed. All Existing Letters of Credit shall be deemed to have been issued pursuant hereto, and from and after the Closing Date shall be subject to and governed by the terms and conditions hereof.

(ii) The L/C Issuer shall not issue any Letter of Credit, if:

(A) the expiry date of the requested Letter of Credit would occur more than twelve months after the date of issuance, unless the Required Lenders have approved such expiry date; or

(B) the expiry date of the requested Letter of Credit would occur after the Letter of Credit Expiration Date, unless all the Lenders have approved such expiry date.

(iii) The L/C Issuer shall not be under any obligation to issue any Letter of Credit if:

(A) any order, judgment or decree of any Governmental Authority or arbitrator shall by its terms purport to enjoin or restrain the L/C Issuer from issuing the Letter of Credit, or any Law applicable to the L/C Issuer or any request or directive (whether or not having the force of law) from any Governmental Authority with jurisdiction over the L/C Issuer shall prohibit, or request that the L/C Issuer refrain from, the issuance of letters of credit generally or the Letter of Credit in particular or shall impose upon the L/C Issuer with respect to the Letter of Credit any restriction, reserve or capital requirement (for which the L/C Issuer is not otherwise compensated hereunder) not in effect on the Closing Date, or shall impose upon the L/C Issuer any unreimbursed loss, cost or expense which was not applicable on the Closing Date and which the L/C Issuer in good faith deems material to it;

(B) the issuance of the Letter of Credit would violate one or more policies of the L/C Issuer applicable to letters of credit generally;

(C) except as otherwise agreed by the Administrative Agent and the L/C Issuer, the Letter of Credit is in an initial stated amount less than \$10,000;

(D) the Letter of Credit is to be denominated in a currency other than Dollars, euros, British pounds sterling or UAE dirhams or a currency in which the applicable L/C Issuer can and is willing to issue Letters of Credit;

(E) any Lender is at that time a Defaulting Lender, unless the L/C Issuer has entered into arrangements, including the delivery of Cash Collateral, satisfactory to the L/C Issuer (in its sole discretion) with the Borrower or such Lender to eliminate the L/C Issuer's actual or potential Fronting Exposure (after giving effect to Section 2.18(a) (iv)) with respect to the Defaulting Lender arising from either the Letter of Credit then proposed to be issued or that Letter of Credit and all other L/C Obligations as to which the L/C Issuer has actual or potential Fronting Exposure, as it may elect in its sole discretion; or

(F) the Letter of Credit contains any provisions for automatic reinstatement of the stated amount after any drawing thereunder.

(iv) The L/C Issuer shall not amend any Letter of Credit if the L/C Issuer would not be permitted at such time to issue the Letter of Credit in its amended form under the terms hereof.

(v) The L/C Issuer shall be under no obligation to amend any Letter of Credit if (A) the L/C Issuer would have no obligation at such time to issue the Letter of Credit in its amended form under the terms hereof, or (B) the beneficiary of the Letter of Credit does not accept the proposed amendment to the Letter of Credit.

(vi) The L/C Issuer shall act on behalf of the Lenders with respect to any Letters of Credit issued by it and the documents associated therewith, and the L/C Issuer shall have all of the benefits and immunities (A) provided to the Administrative Agent in Article IX with respect

to any acts taken or omissions suffered by the L/C Issuer in connection with Letters of Credit issued by it or proposed to be issued by it and Issuer Documents pertaining to such Letters of Credit as fully as if the term “Administrative Agent” as used in Article IX included the L/C Issuer with respect to such acts or omissions, and (B) as additionally provided herein with respect to the L/C Issuer.

(b) Procedures for Issuance and Amendment of Letters of Credit.

(i) Each Letter of Credit shall be issued or amended, as the case may be, upon the request of the Borrower delivered to the L/C Issuer (with a copy to the Administrative Agent) in the form of a Letter of Credit Application, appropriately completed and signed by a Responsible Officer of the Borrower. Such Letter of Credit Application must be received by the L/C Issuer and the Administrative Agent not later than 11:00 a.m. at least two Business Days (or such later date and time as the Administrative Agent and the L/C Issuer may agree in a particular instance in their sole discretion) prior to the proposed issuance date or date of amendment, as the case may be. In the case of a request for an initial issuance of a Letter of Credit, such Letter of Credit Application shall specify in form and detail satisfactory to the L/C Issuer: (A) the proposed issuance date of the requested Letter of Credit (which shall be a Business Day); (B) the amount thereof; (C) the expiry date thereof; (D) the name and address of the beneficiary thereof; (E) the documents to be presented by such beneficiary in case of any drawing thereunder; (F) the full text of any certificate to be presented by such beneficiary in case of any drawing thereunder; (G) the purpose and nature of the requested Letter of Credit; and (H) such other matters as the L/C Issuer may require. In the case of a request for an amendment of any outstanding Letter of Credit, such Letter of Credit Application shall specify in form and detail satisfactory to the L/C Issuer (A) the Letter of Credit to be amended; (B) the proposed date of amendment thereof (which shall be a Business Day); (C) the nature of the proposed amendment; and (D) such other matters as the L/C Issuer may require. Additionally, the Borrower shall furnish to the L/C Issuer and the Administrative Agent such other documents and information pertaining to such requested Letter of Credit issuance or amendment, including any Issuer Documents, as the L/C Issuer or the Administrative Agent may require.

(ii) Promptly after receipt of any Letter of Credit Application, the L/C Issuer will confirm with the Administrative Agent (by telephone or in writing) that the Administrative Agent has received a copy of such Letter of Credit Application from the Borrower and, if not, the L/C Issuer will provide the Administrative Agent with a copy thereof. Unless the L/C Issuer has received written notice from any Lender, the Administrative Agent or any Loan Party, at least one Business Day prior to the requested date of issuance or amendment of the applicable Letter of Credit, that one or more applicable conditions contained in Article IV shall not then be satisfied, then, subject to the terms and conditions hereof, the L/C Issuer shall, on the requested date, issue a Letter of Credit for the account of the Borrower (or the applicable Subsidiary) or enter into the applicable amendment, as the case may be, in each case in accordance with the L/C Issuer’s usual and customary business practices. Immediately upon the issuance of each Letter of Credit, each Lender shall be deemed to, and hereby irrevocably and unconditionally agrees to, purchase from the L/C Issuer a risk participation in such Letter of Credit in an amount equal to the product of such Lender’s Applicable Percentage times the amount of such Letter of Credit. In the event that the L/C Issuer issues a Letter of Credit denominated in a currency other than Dollars, euros, British pounds sterling or UAE dirhams (or amends such a Letter of Credit to increase the stated amount) the L/C Issuer shall promptly notify each Lender of such issuance or amendment.

(iii) Promptly after its delivery of any Letter of Credit or any amendment to a Letter of Credit to an advising bank with respect thereto or to the beneficiary thereof, the L/C Issuer will also deliver to the Borrower and the Administrative Agent a true and complete copy of such Letter of Credit or amendment.

(c) Drawings and Reimbursements; Funding of Participations.

(i) Upon receipt from the beneficiary of any Letter of Credit of any notice of a drawing under such Letter of Credit together with, in the case of a commercial Letter of Credit, a sight draft from the beneficiary, the L/C Issuer shall examine such drawing documents within the period specified by the terms and conditions of such Letter of Credit, and after such examination, the L/C Issuer shall notify the Borrower and the Administrative Agent thereof. Not later than 11:00 a.m. on the date of any payment by the L/C Issuer under a Letter of Credit (each such date, an “Honor Date”), the Borrower shall reimburse the L/C Issuer through the Administrative Agent in an amount equal to the amount of such drawing as determined by the L/C Issuer. If the Borrower fails to so reimburse the L/C Issuer by such time, the Administrative Agent shall promptly notify each Lender of the Honor Date, the amount of the unreimbursed drawing (the “Unreimbursed Amount”), and the amount of such Lender’s Applicable Percentage thereof. In such event, the Borrower shall be deemed to have requested a Committed Borrowing of Base Rate Loans to be disbursed on the Honor Date in an amount equal to the Unreimbursed Amount, without regard to the minimum and multiples specified in Section 2.02 for the principal amount of Base Rate Loans, but subject to the amount of the unutilized portion of the Aggregate Commitments and the conditions set forth in Section 4.02 (other than the delivery of a Committed Loan Notice) as determined by the Administrative Agent. Any notice given by the L/C Issuer or the Administrative Agent pursuant to this Section 2.04(c)(i) may be given by telephone if immediately confirmed in writing; provided that the lack of such an immediate confirmation shall not affect the conclusiveness or binding effect of such notice.

(ii) Each Lender shall upon any notice pursuant to Section 2.04(c)(i) make funds available (and the Administrative Agent may apply Cash Collateral provided for this purpose) for the account of the L/C Issuer at the Administrative Agent’s Office in an amount equal to its Applicable Percentage of the Unreimbursed Amount not later than 1:00 p.m. on the Business Day specified in such notice by the Administrative Agent, whereupon, subject to the provisions of Section 2.04(c)(iii), each Lender that so makes funds available shall be deemed to have made a Base Rate Committed Loan to the Borrower in such amount. The Administrative Agent shall remit the funds so received to the L/C Issuer.

(iii) With respect to any Unreimbursed Amount that is not fully refinanced by a Committed Borrowing of Base Rate Loans because the conditions set forth in Section 4.02 cannot be satisfied or for any other reason, the Borrower shall be deemed to have incurred from the L/C Issuer an L/C Borrowing in the amount of the Unreimbursed Amount that is not so refinanced, which L/C Borrowing shall be due and payable on demand (together with interest) and shall bear interest at the Default Rate. In such event, each Lender’s payment to the Administrative Agent for the account of the L/C Issuer pursuant to Section 2.04(c)(ii) shall be deemed payment in respect of its participation in such L/C Borrowing and shall constitute an L/C Advance from such Lender in satisfaction of its participation obligation under this Section 2.04.

(iv) Until each Lender funds its Committed Loan or L/C Advance pursuant to this Section 2.04(c) to reimburse the L/C Issuer for any amount drawn under any Letter of Credit, interest in respect of such Lender’s Applicable Percentage of such amount shall be solely for the account of the L/C Issuer.

(v) Each Lender's obligation to make Committed Loans or L/C Advances to reimburse the L/C Issuer for amounts drawn under Letters of Credit, as contemplated by this Section 2.04(c), shall be absolute and unconditional and shall not be affected by any circumstance, including (A) any setoff, counterclaim, recoupment, defense or other right which such Lender may have against the L/C Issuer, the Borrower or any other Person for any reason whatsoever; (B) the occurrence or continuance of a Default, or (C) any other occurrence, event or condition, whether or not similar to any of the foregoing; provided, however, that each Lender's obligation to make Committed Loans pursuant to this Section 2.04(c) is subject to the conditions set forth in Section 4.02 (other than delivery by the Borrower of a Committed Loan Notice). No such making of an L/C Advance shall relieve or otherwise impair the obligation of the Borrower to reimburse the L/C Issuer for the amount of any payment made by the L/C Issuer under any Letter of Credit, together with interest as provided herein.

(vi) If any Lender fails to make available to the Administrative Agent for the account of the L/C Issuer any amount required to be paid by such Lender pursuant to the foregoing provisions of this Section 2.04(c) by the time specified in Section 2.04(c)(ii), then, without limiting the other provisions of this Agreement, the L/C Issuer shall be entitled to recover from such Lender (acting through the Administrative Agent), on demand, such amount with interest thereon for the period from the date such payment is required to the date on which such payment is immediately available to the L/C Issuer at a rate per annum equal to the greater of the Federal Funds Rate and a rate determined by the L/C Issuer in accordance with banking industry rules on interbank compensation, plus any administrative, processing or similar fees customarily charged by the L/C Issuer in connection with the foregoing. If such Lender pays such amount (with interest and fees as aforesaid), the amount so paid shall constitute such Lender's Committed Loan included in the relevant Committed Borrowing or L/C Advance in respect of the relevant L/C Borrowing, as the case may be. A certificate of the L/C Issuer submitted to any Lender (through the Administrative Agent) with respect to any amounts owing under this clause (vi) shall be conclusive absent manifest error.

(d) Repayment of Participations.

(i) At any time after the L/C Issuer has made a payment under any Letter of Credit and has received from any Lender such Lender's L/C Advance in respect of such payment in accordance with Section 2.04(c), if the Administrative Agent receives for the account of the L/C Issuer any payment in respect of the related Unreimbursed Amount or interest thereon (whether directly from the Borrower or otherwise, including proceeds of Cash Collateral applied thereto by the Administrative Agent), the Administrative Agent will distribute to such Lender its Applicable Percentage thereof in the same funds as those received by the Administrative Agent.

(ii) If any payment received by the Administrative Agent for the account of the L/C Issuer pursuant to Section 2.04(c)(i) is required to be returned under any of the circumstances described in Section 10.05 (including pursuant to any settlement entered into by the L/C Issuer in its discretion), each Lender shall pay to the Administrative Agent for the account of the L/C Issuer its Applicable Percentage thereof on demand of the Administrative Agent, plus interest thereon from the date of such demand to the date such amount is returned by such Lender, at a rate per annum equal to the Federal Funds Rate from time to time in effect. The obligations of the Lenders under this clause shall survive the payment in full of the Obligations and the termination of this Agreement.

(e) Obligations Absolute. The obligation of the Borrower to reimburse the L/C Issuer for each drawing under each Letter of Credit and to repay each L/C Borrowing shall be absolute,

unconditional and irrevocable, and shall be paid strictly in accordance with the terms of this Agreement under all circumstances, including the following:

- (i) any lack of validity or enforceability of such Letter of Credit, this Agreement, or any other Loan Document;
- (ii) the existence of any claim, counterclaim, setoff, defense or other right that the Borrower or any Subsidiary may have at any time against any beneficiary or any transferee of such Letter of Credit (or any Person for whom any such beneficiary or any such transferee may be acting), the L/C Issuer or any other Person, whether in connection with this Agreement, the transactions contemplated hereby or by such Letter of Credit or any agreement or instrument relating thereto, or any unrelated transaction;
- (iii) any draft, demand, certificate or other document presented under such Letter of Credit proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect; or any loss or delay in the transmission or otherwise of any document required in order to make a drawing under such Letter of Credit;
- (iv) any payment by the L/C Issuer under such Letter of Credit against presentation of a draft or certificate that does not strictly comply with the terms of such Letter of Credit; or any payment made by the L/C Issuer under such Letter of Credit to any Person purporting to be a trustee in bankruptcy, debtor-in-possession, assignee for the benefit of creditors, liquidator, receiver or other representative of or successor to any beneficiary or any transferee of such Letter of Credit, including any arising in connection with any proceeding under any Debtor Relief Law; or
- (v) any other circumstance or happening whatsoever, whether or not similar to any of the foregoing, including any other circumstance that might otherwise constitute a defense available to, or a discharge of, the Borrower or any Subsidiary.

The Borrower shall promptly examine a copy of each Letter of Credit and each amendment thereto that is delivered to it and, in the event of any claim of noncompliance with the Borrower's instructions or other irregularity, the Borrower will immediately notify the L/C Issuer. The Borrower shall be conclusively deemed to have waived any such claim against the L/C Issuer and its correspondents unless such notice is given as aforesaid.

(f) Role of L/C Issuer. Each Lender and the Borrower agree that, in paying any drawing under a Letter of Credit, the L/C Issuer shall not have any responsibility to obtain any document (other than any sight draft, certificates and documents expressly required by the Letter of Credit) or to ascertain or inquire as to the validity or accuracy of any such document or the authority of the Person executing or delivering any such document. None of the L/C Issuer, the Administrative Agent, any of their respective Related Parties nor any correspondent, participant or assignee of the L/C Issuer shall be liable to any Lender for (i) any action taken or omitted in connection herewith at the request or with the approval of the Lenders or the Required Lenders, as applicable; (ii) any action taken or omitted in the absence of gross negligence or willful misconduct; or (iii) the due execution, effectiveness, validity or enforceability of any document or instrument related to any Letter of Credit or Issuer Document. The Borrower hereby assumes all risks of the acts or omissions of any beneficiary or transferee with respect to its use of any Letter of Credit; provided, however, that this assumption is not intended to, and shall not, preclude the Borrower's pursuing such rights and remedies as it may have against the beneficiary or transferee at law or under any other agreement. None of the L/C Issuer, the Administrative Agent, any of their respective Related Parties nor any correspondent, participant or assignee of the L/C Issuer shall be liable or

responsible for any of the matters described in clauses (i) through (v) of Section 2.04(e); provided, however, that anything in such clauses to the contrary notwithstanding, the Borrower may have a claim against the L/C Issuer, and the L/C Issuer may be liable to the Borrower, to the extent, but only to the extent, of any direct, as opposed to consequential or exemplary, damages suffered by the Borrower which the Borrower proves were caused by the L/C Issuer's willful misconduct or gross negligence or the L/C Issuer's willful failure to pay under any Letter of Credit after the presentation to it by the beneficiary of a sight draft and certificate(s) strictly complying with the terms and conditions of a Letter of Credit. In furtherance and not in limitation of the foregoing, the L/C Issuer may accept documents that appear on their face to be in order, without responsibility for further investigation, regardless of any notice or information to the contrary, and the L/C Issuer shall not be responsible for the validity or sufficiency of any instrument transferring or assigning or purporting to transfer or assign a Letter of Credit or the rights or benefits thereunder or proceeds thereof, in whole or in part, which may prove to be invalid or ineffective for any reason. Each L/C Issuer shall provide to the Administrative Agent a list of outstanding Letters of Credit (together with amounts) issued by it on a monthly basis; the Administrative Agent shall provide a copy of such list to any Lender upon request.

(g) Applicability of ISP and UCP. Unless otherwise expressly agreed by the L/C Issuer and the Borrower when a Letter of Credit is issued (including any such agreement applicable to an Existing Letter of Credit), (i) the rules of the ISP shall apply to each standby Letter of Credit, and (ii) the rules of the Uniform Customs and Practice for Documentary Credits, as most recently published by the International Chamber of Commerce at the time of issuance shall apply to each commercial Letter of Credit.

(h) Letter of Credit Fees. The Borrower shall pay to the Administrative Agent for the account of each Lender in accordance with its Applicable Percentage a Letter of Credit fee (the "Letter of Credit Fee") for each Letter of Credit equal to the Applicable Rate times the daily amount available to be drawn under such Letter of Credit; provided, however, any Letter of Credit Fees otherwise payable for the account of a Defaulting Lender with respect to any Letter of Credit as to which such Defaulting Lender has not provided Cash Collateral satisfactory to the L/C Issuer pursuant to this Section 2.04 shall be payable, to the maximum extent permitted by applicable Law, to the other Lenders in accordance with the upward adjustments in their respective Applicable Percentages allocable to such Letter of Credit pursuant to Section 2.18(a)(iv), with the balance of such fee, if any, payable to the L/C Issuer for its own account. For purposes of computing the daily amount available to be drawn under any Letter of Credit, the amount of such Letter of Credit shall be determined in accordance with Section 1.06. Letter of Credit Fees shall be (i) due and payable on the first Business Day after the end of each Fiscal Quarter, commencing with the first such date to occur after the issuance of such Letter of Credit, on the Letter of Credit Expiration Date and thereafter on demand and (ii) computed on a quarterly basis in arrears. If there is any change in the Applicable Rate during any quarter, the daily amount available to be drawn under each standby Letter of Credit shall be computed and multiplied by the Applicable Rate separately for each period during such quarter that such Applicable Rate was in effect. Notwithstanding anything to the contrary contained herein, upon the request of the Required Lenders, while any Event of Default exists, all Letter of Credit Fees shall accrue at the Default Rate.

(i) Fronting Fee and Documentary and Processing Charges Payable to L/C Issuer. The Borrower shall pay directly to the L/C Issuer for its own account a fronting fee with respect to each Letter of Credit, at the rate of 0.125% per annum, computed on the daily amount available to be drawn under such Letter of Credit on a quarterly basis in arrears. Such fronting fee shall be due and payable on the tenth Business Day after the end of each March, June, September and December in respect of the most recently-ended quarterly period (or portion thereof, in the case of the first payment), commencing with the first such date to occur after the issuance of such Letter of Credit, on the Letter of Credit Expiration Date and thereafter on demand. For purposes of computing the daily amount available to be

drawn under any Letter of Credit, the amount of such Letter of Credit shall be determined in accordance with Section 1.06. In addition, the Borrower shall pay directly to the L/C Issuer for its own account the customary issuance, presentation, amendment and other processing fees, and other standard costs and charges, of the L/C Issuer relating to letters of credit as from time to time in effect. Such customary fees and standard costs and charges are due and payable on demand and are nonrefundable.

(j) Conflict with Issuer Documents. In the event of any conflict between the terms hereof and the terms of any Issuer Document, the terms hereof shall control.

(k) Letters of Credit Issued for Subsidiaries. Notwithstanding that a Letter of Credit issued or outstanding hereunder is in support of any obligations of, or is for the account of, a Subsidiary, the Borrower shall be obligated to reimburse the L/C Issuer hereunder for any and all drawings under such Letter of Credit. The Borrower hereby acknowledges that the issuance of Letters of Credit for the account of Subsidiaries inures to the benefit of the Borrower, and that the Borrower's business derives substantial benefit from the businesses of such Subsidiaries.

## **2.05 Swing Line Loans.**

(a) The Swing Line. Subject to the terms and conditions set forth herein, the Swing Line Lender, in reliance upon the agreements of the other Lenders set forth in this Section 2.05, may in its sole discretion make loans (each such loan, a "Swing Line Loan") to the Borrower from time to time on any Business Day during the Availability Period in an aggregate amount not to exceed at any time outstanding the amount of the Swing Line Sublimit, notwithstanding the fact that such Swing Line Loans, when aggregated with the Applicable Percentage of the Outstanding Amount of Committed Loans and L/C Obligations of the Lender acting as Swing Line Lender, may exceed the amount of such Lender's Commitment; provided, however, that after giving effect to any Swing Line Loan, (i) the Total Outstandings shall not exceed the Aggregate Commitments, and (ii) the aggregate Outstanding Amount of the Committed Loans of any Lender, plus such Lender's Applicable Percentage of the Outstanding Amount of all L/C Obligations, plus such Lender's Applicable Percentage of the Outstanding Amount of all Swing Line Loans shall not exceed such Lender's Commitment, and provided, further, that the Borrower shall not use the proceeds of any Swing Line Loan to refinance any outstanding Swing Line Loan. Within the foregoing limits, and subject to the other terms and conditions hereof, the Borrower may borrow under this Section 2.05, prepay under Section 2.06, and reborrow under this Section 2.05. Each Swing Line Loan shall be a Base Rate Loan. Immediately upon the making of a Swing Line Loan, each Lender shall be deemed to, and hereby irrevocably and unconditionally agrees to, purchase from the Swing Line Lender a risk participation in such Swing Line Loan in an amount equal to the product of such Lender's Applicable Percentage times the amount of such Swing Line Loan.

(b) Borrowing Procedures. Each Swing Line Borrowing shall be made upon the Borrower's irrevocable notice to the Swing Line Lender and the Administrative Agent, which may be given by (A) telephone or (B) a Swing Line Loan Notice; provided that any telephonic notice must be confirmed promptly by delivery to the Swing Line Lender and the Administrative Agent of a Swing Line Loan Notice. Each such notice must be received by the Swing Line Lender and the Administrative Agent not later than 1:00 p.m. on the requested borrowing date, and shall specify (i) the amount to be borrowed, which shall be a minimum of \$100,000, and (ii) the requested borrowing date, which shall be a Business Day. Each such telephonic notice must be confirmed promptly by delivery to the Swing Line Lender and the Administrative Agent of a written Swing Line Loan Notice, appropriately completed and signed by a Responsible Officer of the Borrower. Promptly after receipt by the Swing Line Lender of any telephonic Swing Line Loan Notice, the Swing Line Lender will confirm with the Administrative Agent (by telephone or in writing) that the Administrative Agent has also received such Swing Line Loan Notice and, if not, the Swing Line Lender will notify the Administrative Agent (by telephone or in writing) of

the contents thereof. Unless the Swing Line Lender has received notice (by telephone or in writing) from the Administrative Agent (including at the request of any Lender) prior to 2:00 p.m. on the date of the proposed Swing Line Borrowing (A) directing the Swing Line Lender not to make such Swing Line Loan as a result of the limitations set forth in the first proviso to the first sentence of Section 2.05(a), or (B) that one or more of the applicable conditions specified in Article IV is not then satisfied, then, subject to the terms and conditions hereof, the Swing Line Lender will, not later than 3:00 p.m. on the borrowing date specified in such Swing Line Loan Notice, make the amount of its Swing Line Loan available to the Borrower.

(c) Refinancing of Swing Line Loans.

(i) The Swing Line Lender at any time in its sole discretion may request, on behalf of the Borrower (which hereby irrevocably authorizes the Swing Line Lender to so request on its behalf), that each Lender make a Base Rate Committed Loan in an amount equal to such Lender's Applicable Percentage of the amount of Swing Line Loans then outstanding. Such request shall be made in writing (which written request shall be deemed to be a Committed Loan Notice for purposes hereof) and in accordance with the requirements of Section 2.02, without regard to the minimum and multiples specified therein for the principal amount of Base Rate Loans, but subject to the unutilized portion of the Aggregate Commitments and the conditions set forth in Section 4.02. The Swing Line Lender shall furnish the Borrower with a copy of the applicable Committed Loan Notice promptly after delivering such notice to the Administrative Agent. Each Lender shall make an amount equal to its Applicable Percentage of the amount specified in such Committed Loan Notice available to the Administrative Agent in immediately available funds (and the Administrative Agent may apply Cash Collateral available with respect to the applicable Swing Line Loan) for the account of the Swing Line Lender at the Administrative Agent's Office not later than 1:00 p.m. on the day specified in such Committed Loan Notice, whereupon, subject to Section 2.05(c)(ii), each Lender that so makes funds available shall be deemed to have made a Base Rate Committed Loan to the Borrower in such amount. The Administrative Agent shall remit the funds so received to the Swing Line Lender.

(ii) If for any reason any Swing Line Loan cannot be refinanced by such a Committed Borrowing in accordance with Section 2.05(c)(i), the request for Base Rate Committed Loans submitted by the Swing Line Lender as set forth herein shall be deemed to be a request by the Swing Line Lender that each of the Lenders fund its risk participation in the relevant Swing Line Loan and each Lender's payment to the Administrative Agent for the account of the Swing Line Lender pursuant to Section 2.05(c)(i) shall be deemed payment in respect of such participation.

(iii) If any Lender fails to make available to the Administrative Agent for the account of the Swing Line Lender any amount required to be paid by such Lender pursuant to the foregoing provisions of this Section 2.05(c) by the time specified in Section 2.05(c)(i), the Swing Line Lender shall be entitled to recover from such Lender (acting through the Administrative Agent), on demand, such amount with interest thereon for the period from the date such payment is required to the date on which such payment is immediately available to the Swing Line Lender at a rate per annum equal to the greater of the Federal Funds Rate and a rate determined by the Swing Line Lender in accordance with banking industry rules on interbank compensation, plus any administrative, processing or similar fees customarily charged by the Swing Line Lender in connection with the foregoing. If such Lender pays such amount (with interest and fees as aforesaid), the amount so paid shall constitute such Lender's Committed Loan included in the relevant Committed Borrowing or funded participation in the relevant Swing Line Loan, as the case may be. A certificate of the Swing Line Lender submitted to any Lender (through the

Administrative Agent) with respect to any amounts owing under this clause (iii) shall be conclusive absent manifest error.

(iv) Each Lender's obligation to make Committed Loans or to purchase and fund risk participations in Swing Line Loans pursuant to this Section 2.05(c) shall be absolute and unconditional and shall not be affected by any circumstance, including (A) any setoff, counterclaim, recoupment, defense or other right which such Lender may have against the Swing Line Lender, the Borrower or any other Person for any reason whatsoever, (B) the occurrence or continuance of a Default, or (C) any other occurrence, event or condition, whether or not similar to any of the foregoing; provided, however, that each Lender's obligation to make Committed Loans pursuant to this Section 2.05(c) is subject to the conditions set forth in Section 4.02. No such funding of risk participations shall relieve or otherwise impair the obligation of the Borrower to repay Swing Line Loans, together with interest as provided herein.

(d) Repayment of Participations.

(i) At any time after any Lender has purchased and funded a risk participation in a Swing Line Loan, if the Swing Line Lender receives any payment on account of such Swing Line Loan, the Swing Line Lender will distribute to such Lender its Applicable Percentage thereof in the same funds as those received by the Swing Line Lender.

(ii) If any payment received by the Swing Line Lender in respect of principal or interest on any Swing Line Loan is required to be returned by the Swing Line Lender under any of the circumstances described in Section 10.05 (including pursuant to any settlement entered into by the Swing Line Lender in its discretion), each Lender shall pay to the Swing Line Lender its Applicable Percentage thereof on demand of the Administrative Agent, plus interest thereon from the date of such demand to the date such amount is returned, at a rate per annum equal to the Federal Funds Rate. The Administrative Agent will make such demand upon the request of the Swing Line Lender. The obligations of the Lenders under this clause shall survive the payment in full of the Obligations and the termination of this Agreement.

(e) Interest for Account of Swing Line Lender. The Swing Line Lender shall be responsible for invoicing the Borrower for interest on the Swing Line Loans. Until each Lender funds its Base Rate Committed Loan or risk participation pursuant to this Section 2.05 to refinance such Lender's Applicable Percentage of any Swing Line Loan, interest in respect of such Applicable Percentage shall be solely for the account of the Swing Line Lender.

(f) Payments Directly to Swing Line Lender. The Borrower shall make all payments of principal and interest in respect of the Swing Line Loans directly to the Swing Line Lender.

**2.06 Prepayments.**

(a) The Borrower may, upon delivery of a Notice of Committed Loan Prepayment to the Administrative Agent, at any time or from time to time voluntarily prepay Committed Loans in whole or in part without premium or penalty; provided that (i) such notice must be received by the Administrative Agent not later than 11:00 a.m. (A) three Business Days prior to any date of prepayment of SOFR Committed Loans and (B) on the date of prepayment of Base Rate Committed Loans; (ii) any prepayment of SOFR Committed Loans shall be in a principal amount of \$5,000,000 or a whole multiple of \$1,000,000 in excess thereof; and (iii) any prepayment of Base Rate Committed Loans shall be in a principal amount of \$500,000 or a whole multiple of \$100,000 in excess thereof or, in each case, if less, the entire principal amount thereof then outstanding. Each such notice shall specify the date and amount

of such prepayment and the Type(s) of Committed Loans to be prepaid and, if SOFR Committed Loans are to be prepaid, the Interest Period(s) of such Loans. The Administrative Agent will promptly notify each Lender of its receipt of each such notice, and of the amount of such Lender's Applicable Percentage of such prepayment. If such notice is given by the Borrower, the Borrower shall make such prepayment and the payment amount specified in such notice shall be due and payable on the date specified therein. Any prepayment of a SOFR Loan shall be accompanied by all accrued interest on the amount prepaid, together with any additional amounts required pursuant to Section 3.05. Subject to Section 2.18, each such prepayment shall be applied to the Committed Loans of the Lenders in accordance with their respective Applicable Percentages.

(b) **[Reserved].**

(c) The Borrower may, upon notice to the Swing Line Lender (with a copy to the Administrative Agent), at any time or from time to time, voluntarily prepay Swing Line Loans in whole or in part without premium or penalty; provided that (i) such notice must be received by the Swing Line Lender and the Administrative Agent not later than 1:00 p.m. on the date of the prepayment, and (ii) any such prepayment shall be in a minimum principal amount of \$100,000. Each such notice shall specify the date and amount of such prepayment. If such notice is given by the Borrower, the Borrower shall make such prepayment and the payment amount specified in such notice shall be due and payable on the date specified therein.

(d) If for any reason the Total Outstandings at any time exceed the Aggregate Commitments then in effect, the Borrower shall immediately prepay Loans and/or Cash Collateralize the L/C Obligations in an aggregate amount equal to such excess; provided, however, that the Borrower shall not be required to Cash Collateralize the L/C Obligations pursuant to this Section 2.06(d) unless after the prepayment in full of the Committed Loans and Swing Line Loans the Total Outstandings exceed the Aggregate Commitments then in effect.

**2.07 Termination or Reduction of Commitments.** The Borrower may, upon notice to the Administrative Agent, terminate the Aggregate Commitments, or from time to time permanently reduce the Aggregate Commitments; provided that (i) any such notice shall be received by the Administrative Agent not later than 11:00 a.m. five Business Days prior to the date of termination or reduction, (ii) any such partial reduction shall be in an aggregate amount of \$2,000,000 or any whole multiple of \$1,000,000 in excess thereof, (iii) the Borrower shall not terminate or reduce the Aggregate Commitments if, after giving effect thereto and to any concurrent prepayments hereunder, the Total Outstandings would exceed the Aggregate Commitments, and (iv) if, after giving effect to any reduction of the Aggregate Commitments, the Letter of Credit Sublimit or the Swing Line Sublimit exceeds the amount of the Aggregate Commitments, such Sublimit shall be automatically reduced by the amount of such excess. The Administrative Agent will promptly notify the Lenders of any such notice of termination or reduction of the Aggregate Commitments. Any reduction of the Aggregate Commitments shall be applied to the Commitment of each Lender according to its Applicable Percentage. All fees accrued until the effective date of any termination of the Aggregate Commitments shall be paid on the effective date of such termination.

**2.08 Repayment of Loans.**

(a) The Borrower shall repay to the Lenders on the Maturity Date the aggregate principal amount of Committed Loans outstanding on such date.

(b) The Borrower shall repay each Swing Line Loan on the earlier to occur of (i) the date ten Business Days after such Loan is made and (ii) the Maturity Date.

## **2.09 Interest.**

(a) Subject to the provisions of subsection (b) below, (i) each SOFR Committed Loan shall bear interest on the outstanding principal amount thereof for each Interest Period at a rate per annum equal to Adjusted Term SOFR for such Interest Period plus the Applicable Rate; (ii) each Base Rate Committed Loan shall bear interest on the outstanding principal amount thereof from the applicable borrowing date at a rate per annum equal to the Base Rate plus the Applicable Rate; and (iii) each Swing Line Loan shall bear interest on the outstanding principal amount thereof from the applicable borrowing date at a rate per annum equal to the Base Rate plus the Applicable Rate.

(b) (i) If any amount of principal of any Loan is not paid when due (without regard to any applicable grace periods), whether at stated maturity, by acceleration or otherwise, such amount shall thereafter bear interest at a fluctuating interest rate per annum at all times equal to the Default Rate to the fullest extent permitted by applicable Laws.

(ii) If any amount (other than principal of any Loan) payable by the Borrower under any Loan Document is not paid when due (without regard to any applicable grace periods), whether at stated maturity, by acceleration or otherwise, then upon the request of the Required Lenders, such amount shall thereafter bear interest at a fluctuating interest rate per annum at all times equal to the Default Rate to the fullest extent permitted by applicable Laws.

(iii) Upon the request of the Required Lenders, while any Event of Default exists, the Borrower shall pay interest on the principal amount of all outstanding Obligations hereunder at a fluctuating interest rate per annum at all times equal to the Default Rate to the fullest extent permitted by applicable Laws.

(iv) Accrued and unpaid interest on past due amounts (including interest on past due interest to the extent permitted by applicable Law) shall be due and payable upon demand.

(c) Interest on each Loan shall be due and payable in arrears on each Interest Payment Date applicable thereto and at such other times as may be specified herein. Interest hereunder shall be due and payable in accordance with the terms hereof before and after judgment, and before and after the commencement of any proceeding under any Debtor Relief Law.

## **2.10 Fees.** In addition to certain fees described in subsections (h) and (i) of Section 2.04:

(a) Commitment Fee. The Borrower shall pay to the Administrative Agent for the account of each Lender in accordance with its Applicable Percentage, a commitment fee equal to the Applicable Rate times the actual daily amount by which the Aggregate Commitments exceed the sum of (i) the Outstanding Amount of Committed Loans and (ii) the Outstanding Amount of L/C Obligations, subject to adjustment as provided in Section 2.18. The commitment fee shall accrue at all times during the Availability Period, including at any time during which one or more of the conditions in Article IV is not met, and shall be due and payable quarterly in arrears on the last Business Day of each Fiscal Quarter, commencing with the first such date to occur after the Closing Date, and on the last day of the Availability Period. The commitment fee shall be calculated quarterly in arrears, and if there is any change in the Applicable Rate during any quarter, the actual daily amount shall be computed and multiplied by the Applicable Rate separately for each period during such quarter that such Applicable Rate was in effect.

(b) Other Fees. (i) The Borrower shall pay to the Arranger and the Administrative Agent for their own respective accounts fees in the amounts and at the times specified in the Fee Letter. Such fees shall be fully earned when paid and shall not be refundable for any reason whatsoever.

(ii) The Borrower shall pay to the Lenders such fees as shall have been separately agreed upon in writing in the amounts and at the times so specified. Such fees shall be fully earned when paid and shall not be refundable for any reason whatsoever.

## **2.11 Computation of Interest and Fees; Retroactive Adjustments of Applicable Rate.**

(a) All computations of interest for Base Rate Loans (including Base Rate Loans determined by reference to Adjusted Term SOFR) shall be made on the basis of a year of 365 or 366 days, as the case may be, and actual days elapsed. All other computations of fees and interest shall be made on the basis of a 360-day year and actual days elapsed (which results in more fees or interest, as applicable, being paid than if computed on the basis of a 365-day year). Interest shall accrue on each Loan for the day on which the Loan is made, and shall not accrue on a Loan, or any portion thereof, for the day on which the Loan or such portion is paid, provided that any Loan that is repaid on the same day on which it is made shall, subject to Section 2.13(a), bear interest for one day. Each determination by the Administrative Agent of an interest rate or fee hereunder shall be conclusive and binding for all purposes, absent manifest error.

(b) If, as a result of any restatement of or other adjustment to the financial statements of the Borrower or for any other reason, the Borrower or the Lenders determine that (i) the Adjusted Total Debt to EBITDA Ratio as calculated by the Borrower as of any applicable date was inaccurate and (ii) a proper calculation of the Adjusted Total Debt to EBITDA Ratio would have resulted in higher pricing for such period, the Borrower shall immediately and retroactively be obligated to pay to the Administrative Agent for the account of the applicable Lenders or the L/C Issuer, as the case may be, promptly on demand by the Administrative Agent (or, after the occurrence of an actual or deemed entry of an order for relief with respect to the Borrower under the Bankruptcy Code of the United States, automatically and without further action by the Administrative Agent, any Lender or the L/C Issuer), an amount equal to the excess of the amount of interest and fees that should have been paid for such period over the amount of interest and fees actually paid for such period. This paragraph shall not limit the rights of the Administrative Agent, any Lender or the L/C Issuer, as the case may be, under Section 2.04(c)(iii), 2.04(h) or 2.09(b) or under Article VIII. The Borrower's obligations under this paragraph shall survive the termination of the Aggregate Commitments and the repayment of all other Obligations hereunder.

## **2.12 Evidence of Debt.**

(a) The Credit Extensions made by each Lender shall be evidenced by one or more accounts or records maintained by such Lender and by the Administrative Agent in the ordinary course of business. The accounts or records maintained by the Administrative Agent and each Lender shall be conclusive absent manifest error of the amount of the Credit Extensions made by the Lenders to the Borrower and the interest and payments thereon. Any failure to so record or any error in doing so shall not, however, limit or otherwise affect the obligation of the Borrower hereunder to pay any amount owing with respect to the Obligations. In the event of any conflict between the accounts and records maintained by any Lender and the accounts and records of the Administrative Agent in respect of such matters, the accounts and records of the Administrative Agent shall control in the absence of manifest error. Upon the request of any Lender made through the Administrative Agent, the Borrower shall execute and deliver to such Lender (through the Administrative Agent) a Note, which shall evidence such Lender's Loans in addition to such accounts or records. Each Lender may attach schedules to its Note

and endorse thereon the date, Type (if applicable), amount and maturity of its Loans and payments with respect thereto.

(b) In addition to the accounts and records referred to in subsection (a), each Lender and the Administrative Agent shall maintain in accordance with its usual practice accounts or records evidencing the purchases and sales by such Lender of participations in Letters of Credit and Swing Line Loans. In the event of any conflict between the accounts and records maintained by the Administrative Agent and the accounts and records of any Lender in respect of such matters, the accounts and records of the Administrative Agent shall control in the absence of manifest error.

### **2.13 Payments Generally; Administrative Agent's Clawback.**

(a) General. All payments to be made by the Borrower shall be made without condition or deduction for any counterclaim, defense, recoupment or setoff. Except as otherwise expressly provided herein, all payments by the Borrower hereunder shall be made to the Administrative Agent, for the account of the respective Lenders to which such payment is owed, at the Administrative Agent's Office in Dollars and in immediately available funds not later than 2:00 p.m. on the date specified herein. The Administrative Agent will promptly distribute to each Lender its Applicable Percentage (or other applicable share as provided herein) of such payment in like funds as received by wire transfer to such Lender's Lending Office. All payments received by the Administrative Agent after 2:00 p.m. shall be deemed received on the next succeeding Business Day and any applicable interest or fee shall continue to accrue. If any payment to be made by the Borrower shall come due on a day other than a Business Day, payment shall be made on the next following Business Day, and such extension of time shall be reflected in computing interest or fees, as the case may be.

(b) (i) Funding by Lenders; Presumption by Administrative Agent. Unless the Administrative Agent shall have received notice from a Lender prior to the proposed date of any Committed Borrowing of SOFR Loans (or, in the case of any Committed Borrowing of Base Rate Loans, prior to 12:00 noon on the date of such Committed Borrowing) that such Lender will not make available to the Administrative Agent such Lender's share of such Committed Borrowing, the Administrative Agent may assume that such Lender has made such share available on such date in accordance with Section 2.02 (or, in the case of a Committed Borrowing of Base Rate Loans, that such Lender has made such share available in accordance with and at the time required by Section 2.02) and may, in reliance upon such assumption, make available to the Borrower a corresponding amount. In such event, if a Lender has not in fact made its share of the applicable Committed Borrowing available to the Administrative Agent, then the applicable Lender and the Borrower severally agree to pay to the Administrative Agent forthwith on demand such corresponding amount in immediately available funds with interest thereon, for each day from and including the date such amount is made available to the Borrower to but excluding the date of payment to the Administrative Agent, at (A) in the case of a payment to be made by such Lender, the greater of the Federal Funds Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation, plus any administrative, processing or similar fees customarily charged by the Administrative Agent in connection with the foregoing, and (B) in the case of a payment to be made by the Borrower, the interest rate applicable to Base Rate Loans. If the Borrower and such Lender shall pay such interest to the Administrative Agent for the same or an overlapping period, the Administrative Agent shall promptly remit to the Borrower the amount of such interest paid by the Borrower for such period. If such Lender pays its share of the applicable Committed Borrowing to the Administrative Agent, then the amount so paid shall constitute such Lender's Committed Loan included in such Committed Borrowing. Any payment by the Borrower shall be without prejudice to any claim the Borrower may have against a Lender that shall have failed to make such payment to the Administrative Agent.

(i) Payments by Borrower; Presumptions by Administrative Agent. Unless the Administrative Agent shall have received notice from the Borrower prior to the date on which any payment is due to the Administrative Agent for the account of the Lenders or the L/C Issuer hereunder that the Borrower will not make such payment, the Administrative Agent may assume that the Borrower has made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to the Lenders or the L/C Issuer, as the case may be, the amount due. In such event, if the Borrower has not in fact made such payment, then each of the Lenders or the L/C Issuer, as the case may be, severally agrees to repay to the Administrative Agent forthwith on demand the amount so distributed to such Lender or the L/C Issuer, in immediately available funds with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the Administrative Agent, at the greater of the Federal Funds Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation.

A notice of the Administrative Agent to any Lender or the Borrower with respect to any amount owing under this subsection (b) shall be conclusive, absent manifest error.

(c) Failure to Satisfy Conditions Precedent. If any Lender makes available to the Administrative Agent funds for any Loan to be made by such Lender as provided in the foregoing provisions of this Article II, and such funds are not made available to the Borrower by the Administrative Agent because the conditions to the applicable Credit Extension set forth in Article IV are not satisfied or waived in accordance with the terms hereof, the Administrative Agent shall return such funds (in like funds as received from such Lender) to such Lender, without interest.

(d) Obligations of Lenders Several. The obligations of the Lenders hereunder to make Committed Loans, to fund participations in Letters of Credit and Swing Line Loans and to make payments pursuant to Section 10.04(c) are several and not joint. The failure of any Lender to make any Committed Loan, to fund any such participation or to make any payment under Section 10.04(c) on any date required hereunder shall not relieve any other Lender of its corresponding obligation to do so on such date, and no Lender shall be responsible for the failure of any other Lender to so make its Committed Loan, to purchase its participation or to make its payment under Section 10.04(c).

(e) Funding Source. Nothing herein shall be deemed to obligate any Lender to obtain the funds for any Loan in any particular place or manner or to constitute a representation by any Lender that it has obtained or will obtain the funds for any Loan in any particular place or manner.

**2.14 Sharing of Payments by Lenders.** If any Lender shall, by exercising any right of setoff or counterclaim or otherwise, obtain payment in respect of any principal of or interest on any of the Committed Loans made by it, or the participations in L/C Obligations or in Swing Line Loans held by it resulting in such Lender's receiving payment of a proportion of the aggregate amount of such Committed Loans or participations and accrued interest thereon greater than its pro rata share thereof as provided herein, then the Lender receiving such greater proportion shall (a) notify the Administrative Agent of such fact, and (b) purchase (for cash at face value) participations in the Committed Loans and subparticipations in L/C Obligations and Swing Line Loans of the other Lenders, or make such other adjustments as shall be equitable, so that the benefit of all such payments shall be shared by the Lenders ratably in accordance with the aggregate amount of principal of and accrued interest on their respective Committed Loans and other amounts owing them, provided that:

(i) if any such participations or subparticipations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations or subparticipations

shall be rescinded and the purchase price restored to the extent of such recovery, without interest; and

(ii) the provisions of this Section shall not be construed to apply to (x) any payment made by or on behalf of the Borrower pursuant to and in accordance with the express terms of this Agreement (including the application of funds arising from the existence of a Defaulting Lender), (y) the application of Cash Collateral provided for in Section 2.17, or (z) any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Committed Loans or subparticipations in L/C Obligations or Swing Line Loans to any assignee or participant, other than an assignment to the Borrower or any Affiliate thereof (as to which the provisions of this Section shall apply).

Each Loan Party consents to the foregoing and agrees, to the extent it may effectively do so under applicable law, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against such Loan Party rights of setoff and counterclaim with respect to such participation as fully as if such Lender were a direct creditor of such Loan Party in the amount of such participation.

**2.15 [Reserved].**

**2.16 Increase in Commitments.**

(a) Request for Increase. Provided that, subject to Section 1.09(a) in connection with a Limited Condition Transaction, there exists no Default, upon notice to the Administrative Agent (which shall promptly notify the Lenders), the Borrower may from time to time, request an increase in the Aggregate Commitments (which increase may take the form of one or more term loan tranches) by an amount (for all such requests after the Amendment No. 1 Effective Date) not exceeding \$300,000,000; provided that any such request for an increase shall be in a minimum amount of \$5,000,000. At the time of sending such notice, the Borrower (in consultation with the Administrative Agent) shall specify the time period within which each Lender is requested to respond (which shall in no event be less than ten Business Days from the date of delivery of such notice to the Lenders).

(b) Lender Elections to Increase. Each Lender shall notify the Administrative Agent within such time period whether or not it agrees to increase its Commitment and, if so, whether by an amount equal to, greater than, or less than its Applicable Percentage of such requested increase. Any Lender not responding within such time period shall be deemed to have declined to increase its Commitment.

(c) Notification by Administrative Agent; Additional Lenders. The Administrative Agent shall notify the Borrower and each Lender of the Lenders' responses to each request made hereunder. To achieve the full amount of a requested increase and subject to the approval of the Administrative Agent, and, other than with respect to increases in the form of a term loan tranche, the L/C Issuer and the Swing Line Lender (which approvals shall not be unreasonably withheld), the Borrower may also invite additional Eligible Assignees to become Lenders pursuant to a joinder agreement in form and substance satisfactory to the Administrative Agent and its counsel.

(d) Effective Date and Allocations. If the Aggregate Commitments are increased in accordance with this Section, the Administrative Agent and the Borrower shall determine the effective date (the "Increase Effective Date") and the final allocation of such increase. The Administrative Agent shall promptly notify the Borrower and the Lenders of the final allocation of such increase and the Increase Effective Date.

(e) Conditions to Effectiveness of Increase. Subject to Section 1.09(a) in connection with a Limited Condition Transaction, as a condition precedent to such increase, (i) the Borrower shall deliver to the Administrative Agent a certificate of each Loan Party dated as of the Increase Effective Date (in sufficient copies for each Lender) signed by a Responsible Officer of such Loan Party (x) certifying and attaching the resolutions adopted by such Loan Party approving or consenting to such increase, and (y) in the case of the Borrower, certifying that, before and after giving effect to such increase, (A) the representations and warranties contained in Article V and the other Loan Documents are true and correct on and as of the Increase Effective Date, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they are true and correct as of such earlier date, and except that for purposes of this Section 2.16, the representations and warranties contained in subsections (a) and (b) of Section 5.04 shall be deemed to refer to the most recent statements furnished pursuant to clauses (a) and (b), respectively, of Section 6.01, and (B) no Default exists, (ii) (x) upon the reasonable request of any Lender participating in such increase, in each case made at least five (5) days prior to the Increase Effective Date, the Borrower shall have provided to such Lender, and such Lender shall be reasonably satisfied with, the documentation and other information so requested in connection with applicable “know your customer” and anti-money-laundering rules and regulations, including, without limitation, the PATRIOT Act, and (y) at least five (5) days prior to the Increase Effective Date, any Loan Party that qualifies as a “legal entity customer” under the Beneficial Ownership Regulation shall have delivered, to each Lender participating in such increase that so requests, a Beneficial Ownership Certification in relation to such Loan Party, and (iii) to the extent that the increase of the Aggregate Commitments shall take the form of a term loan tranche, this Agreement and the other Loan Documents shall be amended, (x) in form and substance satisfactory to the Administrative Agent and the Lenders participating in such term loan tranche, to include any additional terms to reflect the incurrence of, and terms and conditions of such term loan tranche (including, without limitation, the pricing, margins, interest rate floors, fees and maturity date (which may be later but not earlier than the then scheduled Maturity Date) applicable thereto) and (y) to include such other terms as are customary for a term loan commitment, in form and substance satisfactory to the Administrative Agent. Other than in connection with the establishment of any term loan tranche, the Borrower shall prepay any Committed Loans outstanding on the Increase Effective Date (and pay any additional amounts required pursuant to Section 3.05) to the extent necessary to keep the outstanding Committed Loans ratable with any revised Applicable Percentages arising from any nonratable increase in the Commitments under this Section.

(f) Conflicting Provisions. This Section shall supersede any provisions in Section 2.14 or 10.01 to the contrary.

## **2.17 Cash Collateral.**

(a) Certain Credit Support Events. Upon the request of the Administrative Agent or the L/C Issuer (i) if the L/C Issuer has honored any full or partial drawing request under any Letter of Credit and such drawing has resulted in an L/C Borrowing, or (ii) if, as of the Letter of Credit Expiration Date, any L/C Obligation for any reason remains outstanding, the Borrower shall, in each case, immediately Cash Collateralize the then Outstanding Amount of all L/C Obligations. At any time that there shall exist a Defaulting Lender, immediately upon the request of the Administrative Agent, the L/C Issuer or the Swing Line Lender, the Borrower shall deliver to the Administrative Agent Cash Collateral in an amount sufficient to cover all Fronting Exposure (after giving effect to Section 2.18(a), (iv), and any Cash Collateral provided by the Defaulting Lender).

(b) Grant of Security Interest. All Cash Collateral (other than credit support not constituting funds subject to deposit) shall be maintained in blocked, interest bearing deposit accounts at the L/C Issuer. The Borrower, and to the extent provided by any Lender, such Lender, hereby grants to (and subjects to the control of) the Administrative Agent, for the benefit of the Administrative Agent, the L/C

Issuer and the Lenders (including the Swing Line Lender), and agrees to maintain, a first priority security interest in all such cash, deposit accounts and all balances therein, and all other property so provided as collateral pursuant hereto, and in all proceeds of the foregoing, all as security for the obligations to which such Cash Collateral may be applied pursuant to Section 2.17(c). If at any time the Administrative Agent determines that Cash Collateral is subject to any right or claim of any Person other than the Administrative Agent as herein provided, or that the total amount of such Cash Collateral is less than the applicable Fronting Exposure and other obligations secured thereby, the Borrower or the relevant Defaulting Lender will, promptly upon demand by the Administrative Agent, pay or provide to the Administrative Agent additional Cash Collateral in an amount sufficient to eliminate such deficiency.

(c) Application. Notwithstanding anything to the contrary contained in this Agreement, Cash Collateral provided under any of this Section 2.17 or Sections 2.04, 2.05, 2.06, 2.18 or 8.02 in respect of Letters of Credit or Swing Line Loans shall be held and applied to the satisfaction of the specific L/C Obligations, Swing Line Loans, obligations to fund participations therein (including, as to Cash Collateral provided by a Defaulting Lender, any interest accrued on such obligation) and other obligations for which the Cash Collateral was so provided, prior to any other application of such property as may be provided for herein.

(d) Release. Cash Collateral (or the appropriate portion thereof) provided to reduce Fronting Exposure or other obligations shall be released promptly following (i) the elimination of the applicable Fronting Exposure or other obligations giving rise thereto (including by the termination of Defaulting Lender status of the applicable Lender (or, as appropriate, its assignee following compliance with Section 10.06(b)(vi))) or (ii) the Administrative Agent's good faith determination that there exists excess Cash Collateral; provided, however, (x) that Cash Collateral furnished by or on behalf of a Loan Party shall not be released during the continuance of a Default or Event of Default (and following application as provided in this Section 2.17 may be otherwise applied in accordance with Section 8.03), and (y) the Person providing Cash Collateral and the L/C Issuer or Swing Line Lender, as applicable, may agree that Cash Collateral shall not be released but instead held to support future anticipated Fronting Exposure or other obligations.

## **2.18 Defaulting Lenders.**

(a) Adjustments. Notwithstanding anything to the contrary contained in this Agreement, if any Lender becomes a Defaulting Lender, then, until such time as that Lender is no longer a Defaulting Lender, to the extent permitted by applicable Law:

(i) Waivers and Amendments. That Defaulting Lender's right to approve or disapprove any amendment, waiver or consent with respect to this Agreement shall be restricted as set forth in Section 10.01.

(ii) Reallocation of Payments. Any payment of principal, interest, fees or other amounts received by the Administrative Agent for the account of that Defaulting Lender (whether voluntary or mandatory, at maturity, pursuant to Article VIII or otherwise, and including any amounts made available to the Administrative Agent by that Defaulting Lender pursuant to Section 10.08), shall be applied at such time or times as may be determined by the Administrative Agent as follows: *first*, to the payment of any amounts owing by that Defaulting Lender to the Administrative Agent hereunder; *second*, to the payment on a pro rata basis of any amounts owing by that Defaulting Lender to the L/C Issuer or Swing Line Lender hereunder; *third*, if so determined by the Administrative Agent or requested by the L/C Issuer or Swing Line Lender, to be held as Cash Collateral for future funding obligations of that Defaulting Lender of any participation in any Swing Line Loan or Letter of Credit; *fourth*, as the Borrower may

request (so long as no Default or Event of Default exists), to the funding of any Loan in respect of which that Defaulting Lender has failed to fund its portion thereof as required by this Agreement, as determined by the Administrative Agent; *fifth*, if so determined by the Administrative Agent and the Borrower, to be held in a non-interest bearing deposit account and released in order to satisfy obligations of that Defaulting Lender to fund Loans under this Agreement; *sixth*, to the payment of any amounts owing to the Lenders, the L/C Issuer or Swing Line Lender as a result of any judgment of a court of competent jurisdiction obtained by any Lender, the L/C Issuer or Swing Line Lender against that Defaulting Lender as a result of that Defaulting Lender's breach of its obligations under this Agreement; *seventh*, so long as no Default or Event of Default exists, to the payment of any amounts owing to the Borrower as a result of any judgment of a court of competent jurisdiction obtained by the Borrower against that Defaulting Lender as a result of that Defaulting Lender's breach of its obligations under this Agreement; and *eighth*, to that Defaulting Lender or as otherwise directed by a court of competent jurisdiction; provided that if (x) such payment is a payment of the principal amount of any Loans or L/C Borrowings in respect of which that Defaulting Lender has not fully funded its appropriate share and (y) such Loans or L/C Borrowings were made at a time when the conditions set forth in Section 4.02 were satisfied or waived, such payment shall be applied solely to pay the Loans of, and L/C Borrowings owed to, all non-Defaulting Lenders on a pro rata basis prior to being applied to the payment of any Loans of, or L/C Borrowings owed to, that Defaulting Lender. Any payments, prepayments or other amounts paid or payable to a Defaulting Lender that are applied (or held) to pay amounts owed by a Defaulting Lender or to post Cash Collateral pursuant to this Section 2.18(a)(ii) shall be deemed paid to and redirected by that Defaulting Lender, and each Lender irrevocably consents hereto.

(iii) Certain Fees. That Defaulting Lender (x) shall not be entitled to receive any commitment fee pursuant to Section 2.10(a) (and the Borrower shall not be required to pay any such fee that otherwise would have been required to have been paid to that Defaulting Lender) for any period during which that Lender is a Defaulting Lender and (y) shall be limited in its right to receive Letter of Credit Fees as provided in Section 2.04(h).

(iv) Reallocation of Applicable Percentages to Reduce Fronting Exposure. During any period in which there is a Defaulting Lender, for purposes of computing the amount of the obligation of each non-Defaulting Lender to acquire, refinance or fund participations in Letters of Credit or Swing Line Loans pursuant to Sections 2.04 and 2.05, the "Applicable Percentage" of each non-Defaulting Lender shall be computed without giving effect to the Commitment of that Defaulting Lender; provided, that, (i) each such reallocation shall be given effect only if, at the date the applicable Lender becomes a Defaulting Lender, no Default or Event of Default exists; and (ii) the aggregate obligation of each non-Defaulting Lender to acquire, refinance or fund participations in Letters of Credit and Swing Line Loans shall not exceed the positive difference, if any, of (1) the Commitment of that non-Defaulting Lender minus (2) the aggregate Outstanding Amount of the Committed Loans of that Lender.

(b) Defaulting Lender Cure. If the Borrower, the Administrative Agent, Swing Line Lender and the L/C Issuer agree in writing in their sole discretion that a Defaulting Lender should no longer be deemed to be a Defaulting Lender, the Administrative Agent will so notify the parties hereto, whereupon as of the effective date specified in such notice and subject to any conditions set forth therein (which may include arrangements with respect to any Cash Collateral), that Lender will, to the extent applicable, purchase that portion of outstanding Loans of the other Lenders or take such other actions as the Administrative Agent may determine to be necessary to cause the Committed Loans and funded and unfunded participations in Letters of Credit and Swing Line Loans to be held on a pro rata basis by the Lenders in accordance with their Applicable Percentages (without giving effect to Section 2.18(a)(iv)),

whereupon that Lender will cease to be a Defaulting Lender; provided that no adjustments will be made retroactively with respect to fees accrued or payments made by or on behalf of the Borrower while that Lender was a Defaulting Lender; and provided, further, that except to the extent otherwise expressly agreed by the affected parties, no change hereunder from Defaulting Lender to Lender will constitute a waiver or release of any claim of any party hereunder arising from that Lender's having been a Defaulting Lender.

### ARTICLE III. TAXES, YIELD PROTECTION AND ILLEGALITY

#### 3.01 Taxes.

(a) Payments Free of Taxes; Obligation to Withhold; Payments on Account of Taxes.

(i) Any and all payments by or on account of any obligation of the Borrower hereunder or under any other Loan Document shall to the extent permitted by applicable Laws be made free and clear of and without deduction or withholding for any Taxes. If, however, applicable Laws require the Borrower, the Administrative Agent or other applicable withholding agent to withhold or deduct any Tax, such Tax shall be withheld or deducted in accordance with such Laws as determined by the applicable withholding agent, upon the basis of the information and documentation to be delivered pursuant to subsection (e) below.

(ii) If the Borrower, the Administrative Agent or other applicable withholding agent shall be required by applicable Law to withhold or deduct any Taxes, including both United States federal backup withholding and withholding Taxes, from any payment by or on account of any obligation of the Borrower hereunder or under any other Loan Document, (A) the applicable withholding agent shall withhold or make such deductions as are determined by the withholding agent to be required based upon the information and documentation it has received pursuant to subsection (e) below, (B) the applicable withholding agent shall timely pay the full amount withheld or deducted to the relevant Governmental Authority in accordance with applicable Laws, and (C) to the extent that the withholding or deduction is made on account of Indemnified Taxes or Other Taxes, the sum payable by the Borrower shall be increased as necessary so that after any required withholding or the making of all required deductions (including deductions applicable to additional sums payable under this Section) the Administrative Agent, Lender or L/C Issuer, as the case may be, receives an amount equal to the sum it would have received had no such withholding or deduction been made.

(b) Payment of Other Taxes by the Borrower. Without limiting the provisions of subsection (a) above, the Borrower shall timely pay any Other Taxes to the relevant Governmental Authority in accordance with applicable Laws.

(c) Tax Indemnifications.

(i) Indemnification by the Borrower. Without limiting the provisions of subsection (a) or (b) above, the Borrower shall, and does hereby, indemnify the Administrative Agent, each Lender and the L/C Issuer, and shall make payment in respect thereof within 10 days after demand therefor, for the full amount of any Indemnified Taxes or Other Taxes (including Indemnified Taxes or Other Taxes imposed or asserted on or attributable to amounts payable under this Section) withheld or deducted by the Borrower or the Administrative Agent or paid by the Administrative Agent, such Lender or the L/C Issuer, as the case may be, and any penalties, interest and reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes or Other Taxes were correctly or legally imposed or asserted by the relevant

Governmental Authority. The Borrower shall also, and does hereby, indemnify the Administrative Agent, and shall make payment in respect thereof within 10 days after demand therefor, for any amount which a Lender or the L/C Issuer for any reason fails to pay indefeasibly to the Administrative Agent as required by clause (ii) of this subsection. A certificate as to the amount of any such payment or liability delivered to the Borrower by a Lender or the L/C Issuer (with a copy to the Administrative Agent), or by the Administrative Agent on its own behalf or on behalf of a Lender or the L/C Issuer, shall be conclusive absent manifest error.

(ii) Indemnification by the Lenders. Without limiting the provisions of subsection (a) or (b) above, each Lender and the L/C Issuer shall, and does hereby, indemnify the Borrower and the Administrative Agent, and shall make payment in respect thereof within 10 days after demand therefor, against any and all (A) Taxes and any and all related losses, claims, liabilities, penalties, interest and expenses (including the fees, charges and disbursements of any counsel for the Borrower or the Administrative Agent) incurred by or asserted against the Borrower or the Administrative Agent by any Governmental Authority as a result of the failure by such Lender or the L/C Issuer, as the case may be, to deliver, or as a result of the inaccuracy, inadequacy or deficiency of, any documentation required to be delivered by such Lender or the L/C Issuer, as the case may be, to the Borrower or the Administrative Agent pursuant to subsection (e), (B) any Taxes attributable to the failure by such Lender or L/C Issuer to comply with the provisions of Section 10.06(d) relating to the maintenance of a Participant Register and (C) Excluded Taxes attributable to such Lender or the L/C Issuer, as the case may be. Each Lender and the L/C Issuer hereby authorizes the Administrative Agent to set off and apply any and all amounts at any time owing to such Lender or the L/C Issuer, as the case may be, under this Agreement or any other Loan Document against any amount due to the Administrative Agent under this clause (ii). The agreements in this clause (ii) shall survive the resignation and/or replacement of the Administrative Agent, any assignment of rights by, or the replacement of, a Lender or the L/C Issuer, the termination of the Aggregate Commitments and the repayment, satisfaction or discharge of all other Obligations.

(d) Evidence of Payments. Upon request by the Borrower or the Administrative Agent, as the case may be, after any payment of Taxes by the Borrower or by the Administrative Agent to a Governmental Authority as provided in this Section 3.01, the Borrower shall deliver to the Administrative Agent or the Administrative Agent shall deliver to the Borrower, as the case may be, the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of any return required by Laws to report such payment or other evidence of such payment reasonably satisfactory to the Borrower or the Administrative Agent, as the case may be.

(e) Status of Lenders; Tax Documentation.

(i) Each Lender shall deliver to the Borrower and to the Administrative Agent, at the time or times prescribed by applicable Laws or when reasonably requested by the Borrower or the Administrative Agent, such properly completed and executed documentation prescribed by applicable Laws or by the taxing authorities of any jurisdiction and such other reasonably requested information as will permit the Borrower or the Administrative Agent, as the case may be, to determine (A) whether or not payments made hereunder or under any other Loan Document are subject to Taxes, (B) if applicable, the required rate of withholding or deduction, and (C) such Lender's entitlement to any available exemption from, or reduction of, applicable Taxes in respect of all payments to be made to such Lender by the Borrower or the Administrative Agent pursuant to this Agreement or otherwise to establish such Lender's status for withholding tax purposes in the applicable jurisdiction.

(ii) Without limiting the generality of the foregoing,

(A) any Lender that is a U.S. Person shall deliver to the Borrower and the Administrative Agent executed originals of IRS Form W-9 or such other documentation or information prescribed by applicable Laws or reasonably requested by the Borrower or the Administrative Agent, certifying that such Lender is exempt from backup withholding; and

(B) each Foreign Lender shall deliver to the Borrower and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the request of the Borrower or the Administrative Agent, but only if such Foreign Lender is legally entitled to do so), whichever of the following is applicable:

(I) executed originals of IRS Form W-8BEN or Form W-8BEN-E claiming, to the extent applicable, eligibility for benefits of an income tax treaty to which the United States is a party,

(II) executed originals of IRS Form W-8ECI,

(III) executed originals of IRS Form W-8IMY and all required supporting documentation,

(IV) in the case of a Foreign Lender claiming the benefits of the exemption for portfolio interest under Section 881(c) of the Code, (x) a certificate substantially in the form of Exhibit H-1 to the effect that such Foreign Lender is not (A) a "bank" within the meaning of Section 881(c)(3)(A) of the Code, (B) a "10-percent shareholder" of the Borrower within the meaning of Section 871(h)(3)(B) of the Code, or (C) a "controlled foreign corporation" related to the Borrower, as described in Section 881(c)(3)(C) of the Code and (y) executed originals of IRS Form W-8BEN or Form W-8BEN-E,

(V) to the extent a Foreign Lender is not the beneficial owner, executed copies of IRS Form W-8IMY, accompanied by IRS Form W-8ECI, IRS Form W-8BEN, IRS Form W-8BEN-E, a U.S. Tax Compliance Certificate substantially in the form of Exhibit H-2 or Exhibit H-3, IRS Form W-9, and/or other certification documents from each beneficial owner, as applicable; provided that if the Foreign Lender is a partnership and one or more direct or

indirect partners of such Foreign Lender are claiming the portfolio interest exemption, such Foreign Lender may provide a U.S. Tax Compliance Certificate substantially in the form of Exhibit H-4 on behalf of each such direct and indirect partner, or

(VI) executed originals of any other form prescribed by applicable Laws as a basis for claiming exemption from or a reduction in United States federal withholding tax together with such supplementary documentation as may be prescribed by applicable Laws to permit the Borrower or the Administrative Agent to determine the withholding or deduction required to be made or to comply with their obligations under FATCA.

(iii) Each Lender shall promptly (A) notify the Borrower and the Administrative Agent of any change in circumstances which would modify or render invalid any claimed exemption or reduction or any form or certification previously delivered to the Borrower or the Administrative Agent, and (B) take such steps as shall not be materially disadvantageous to it, in the reasonable judgment of such Lender, and as may be reasonably necessary (including the re-designation of its Lending Office) to avoid any requirement of applicable Laws of any jurisdiction that the Borrower or the Administrative Agent make any withholding or deduction for taxes from amounts payable to such Lender.

(iv) Notwithstanding any other provision of this Section 3.01, a Lender shall not be required to deliver any form pursuant to this Section 3.01 that such Lender is not legally eligible to deliver.

(v) Each Lender authorizes the Administrative Agent to deliver to the Loan Parties and to any successor Administrative Agent any documentation provided by such Lender to the Administrative Agent pursuant to this Section 3.01(e).

(f) Treatment of Certain Refunds. Unless required by applicable Laws, at no time shall the Administrative Agent have any obligation to file for or otherwise pursue on behalf of a Lender or the L/C Issuer, or have any obligation to pay to any Lender or the L/C Issuer, any refund of Taxes withheld or deducted from funds paid for the account of such Lender or the L/C Issuer, as the case may be. If the Administrative Agent, any Lender or the L/C Issuer determines, in its sole discretion, that it has received a refund of any Taxes or Other Taxes as to which it has been indemnified by the Borrower or with respect to which the Borrower has paid additional amounts pursuant to this Section, it shall pay to the Borrower an amount equal to such refund (but only to the extent of indemnity payments made, or additional amounts paid, by the Borrower under this Section with respect to the Taxes or Other Taxes giving rise to such refund), net of all out-of-pocket expenses incurred by the Administrative Agent, such Lender or the L/C Issuer, as the case may be, and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund), provided that the Borrower, upon the request of the Administrative Agent, such Lender or the L/C Issuer, agrees to repay the amount paid over to the Borrower (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) to the Administrative Agent, such Lender or the L/C Issuer in the event the Administrative Agent, such Lender or the L/C Issuer is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this paragraph (f), in no event will the indemnified party be required to pay any amount to an indemnifying party pursuant to this paragraph (f) the payment of which would place the indemnified party in a less favorable net after-Tax position than the indemnified party would have been in if the Tax subject to indemnification and giving rise to such refund had not been deducted, withheld or otherwise imposed and the indemnification payments or additional amounts with respect to such Tax had never been paid. This subsection shall not be construed to require the

Administrative Agent, any Lender or the L/C Issuer to make available its tax returns (or any other information relating to its Taxes that it deems confidential) to the Borrower or any other Person.

**3.02 Illegality.** If any Lender determines that any Law has made it unlawful, or that any Governmental Authority has asserted that it is unlawful, for any Lender or its applicable Lending Office to make, maintain or fund SOFR Loans, or to determine or charge interest rates based upon SOFR, the Term SOFR Reference Rate, Adjusted Term SOFR, or Term SOFR, then, on notice thereof by such Lender to the Borrower through the Administrative Agent, (i) any obligation of such Lender to make or continue SOFR Loans or to convert Base Rate Committed Loans to SOFR Committed Loans shall be suspended, and (ii) if such notice asserts the illegality of such Lender making or maintaining Base Rate Loans the interest rate on which is determined by reference to Adjusted Term SOFR component of the Base Rate, the interest rate on which Base Rate Loans of such Lender shall, if necessary to avoid such illegality, be determined by the Administrative Agent without reference to Adjusted Term SOFR component of the Base Rate, in each case until such Lender notifies the Administrative Agent and the Borrower that the circumstances giving rise to such determination no longer exist. Upon receipt of such notice, (x) the Borrower shall, upon demand from such Lender (with a copy to the Administrative Agent), prepay or, if applicable, convert all SOFR Loans of such Lender to Base Rate Loans (the interest rate on which Base Rate Loans of such Lender shall, if necessary to avoid such illegality, be determined by the Administrative Agent without reference to the Adjusted Term SOFR component of the Base Rate), either on the last day of the Interest Period therefor, if such Lender may lawfully continue to maintain such SOFR Loans to such day, or immediately, if such Lender may not lawfully continue to maintain such SOFR Loans and (y) if such notice asserts the illegality of such Lender determining or charging interest rates based upon Adjusted Term SOFR, the Administrative Agent shall during the period of such suspension compute the Base Rate applicable to such Lender without reference to the Adjusted Term SOFR component thereof until the Administrative Agent is advised in writing by such Lender that it is no longer illegal for such Lender to determine or charge interest rates based upon Adjusted Term SOFR. Upon any such prepayment or conversion, the Borrower shall also pay accrued interest on the amount so prepaid or converted.

**3.03 Inability to Determine Rates.**

(a) Circumstances Affecting Benchmark Availability. If in connection with any request for a SOFR Loan or a conversion to or continuation thereof, the Administrative Agent determines that (x) adequate and reasonable means do not exist for determining Adjusted Term SOFR for any requested Interest Period with respect to a proposed SOFR Committed Loan or in connection with an existing or proposed Base Rate Loan and (y) the circumstances described in Section 3.03(c)(i) do not apply (in each case with respect to the foregoing clause (x) or (y), “Impacted Loans”), the Administrative Agent will promptly so notify the Borrower and each Lender. Thereafter, (x) the obligation of the Lenders to make or maintain SOFR Loans shall be suspended, and (y) in the event of a determination described in the preceding sentence with respect to the Adjusted Term SOFR component of the Base Rate, the utilization of the Adjusted Term SOFR component in determining the Base Rate shall be suspended, in each case until the Administrative Agent revokes such notice. Upon receipt of such notice, the Borrower may revoke any pending request for a Borrowing of, conversion to or continuation of SOFR Committed Loans or, failing that, will be deemed to have converted such request into a request for a Committed Borrowing of Base Rate Loans in the amount specified therein.

(b) Laws Affecting SOFR Availability. Notwithstanding the foregoing, if the Administrative Agent has made the determination described in the first sentence of Section 3.03(a), the Administrative Agent, in consultation in good faith with the Borrower, may establish an alternative interest rate for the Impacted Loans, in which case, such alternative rate of interest shall apply with respect to the Impacted Loans until (i) the Administrative Agent revokes the notice delivered with respect to the Impacted Loans

under the first sentence of Section 3.03(a), (ii) the Required Lenders notify the Administrative Agent and the Borrower that such alternative interest rate does not adequately and fairly reflect the cost to such Lenders of funding the Impacted Loans, or (iii) any Lender determines that any Law has made it unlawful, or that any Governmental Authority has asserted that it is unlawful, for such Lender or its applicable Lending Office to make, maintain or fund Loans whose interest is determined by reference to such alternative rate of interest or to determine or charge interest rates based upon such rate or any Governmental Authority has imposed material restrictions on the authority of such Lender to do any of the foregoing and provides the Administrative Agent and the Borrower written notice thereof.

(c) Benchmark Replacement Setting.

(i) Benchmark Replacement.

(A) Notwithstanding anything to the contrary herein or in any other Loan Document, upon the occurrence of a Benchmark Transition Event, the Administrative Agent and the Borrower may amend this Agreement to replace the then-current Benchmark with a Benchmark Replacement. Any such amendment with respect to a Benchmark Transition Event will become effective at 5:00 p.m. on the fifth (5th) Business Day after the Administrative Agent has posted such proposed amendment to all affected Lenders and the Borrower so long as the Administrative Agent has not received, by such time, written notice of objection to such amendment from Lenders comprising the Required Lenders. No replacement of a Benchmark with a Benchmark Replacement pursuant to this Section 3.03(c)(i)(A) will occur prior to the applicable Benchmark Transition Start Date.

(B) No Hedging Agreement shall be deemed to be a “Loan Document” for purposes of this Section 3.03(c).

(i) Benchmark Replacement Conforming Changes. In connection with the use, administration, adoption or implementation of a Benchmark Replacement, the Administrative Agent will have the right, in consultation with the Borrower, to make Conforming Changes from time to time and, notwithstanding anything to the contrary herein or in any other Loan Document, any amendments implementing such Conforming Changes will become effective without any further action or consent of any other party to this Agreement or any other Loan Document.

(ii) Notices; Standards for Decisions and Determinations. The Administrative Agent will promptly notify the Borrower and the Lenders of (A) the implementation of any Benchmark Replacement and (B) the effectiveness of any Conforming Changes in connection with the use, administration, adoption or implementation of a Benchmark Replacement. The Administrative Agent will promptly notify the Borrower of the removal or reinstatement of any tenor of a Benchmark pursuant to Section 3.03(c)(iv). Any determination, decision or election that may be made by the Administrative Agent or, if applicable, any Lender (or group of Lenders) pursuant to this Section 3.03(c), including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection, will be conclusive and binding absent manifest error and may be made in its or their sole discretion and without consent from any other party to this Agreement or any other Loan Document, except, in each case, as expressly required pursuant to this Section 3.03(c).

(iii) Unavailability of Tenor of Benchmark. Notwithstanding anything to the contrary herein or in any other Loan Document, at any time (including in connection with the implementation of a Benchmark Replacement), (A) if the then-current Benchmark is a term rate (including the Term SOFR Reference Rate) and either (1) any tenor for such Benchmark is not displayed on a screen or other information service that publishes such rate from time to time as selected by the Administrative Agent in its reasonable discretion or (2) the administrator of such Benchmark or the regulatory supervisor for the administrator of such Benchmark has provided a public statement or publication of information announcing that any tenor for such Benchmark is not or will not be representative or in compliance with or aligned with the International Organization of Securities Commissions (IOSCO) Principles for Financial Benchmarks, then the Administrative Agent may modify the definition of “Interest Period” (or any similar or analogous definition) for any Benchmark settings at or after such time to remove such unavailable, non-representative, non-compliant or non-aligned tenor and (B) if a tenor that was removed pursuant to clause (A) above either (1) is subsequently displayed on a screen or information service for a Benchmark (including a Benchmark Replacement) or (2) is not, or is no longer, subject to an announcement that it is not or will not be representative or in compliance with or aligned with the International Organization of Securities Commissions (IOSCO) Principles for Financial Benchmarks for a Benchmark (including a Benchmark Replacement), then the Administrative Agent may modify the definition of “Interest Period” (or any similar or analogous definition) for all Benchmark settings at or after such time to reinstate such previously removed tenor.

(iv) Benchmark Unavailability Period. Upon the Borrower’s receipt of notice of the commencement of a Benchmark Unavailability Period, (A) the Borrower may revoke any pending request for a borrowing of, conversion to or continuation of SOFR Loans to be made, converted or continued during any Benchmark Unavailability Period and, failing that, the Borrower will be deemed to have converted any such request into a request for a borrowing of or conversion to Base Rate Loans and (B) any outstanding affected SOFR Loans will be deemed to have been converted to Base Rate Loans at the end of the applicable Interest Period. During any Benchmark Unavailability Period or at any time that a tenor for the then-current Benchmark is not an Available Tenor, the component of the Base Rate based upon the then-current Benchmark or such tenor for such Benchmark, as applicable, will not be used in any determination of the Base Rate.

### **3.04 Increased Costs.**

(a) Increased Costs Generally. If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit, compulsory loan, insurance charge or similar requirement against assets of, deposits with or for the account of, or credit extended or participated in by, any Lender or the L/C Issuer;

(ii) subject any Lender or the L/C Issuer to any Taxes with respect to this Agreement, any Letter of Credit, any participation in a Letter of Credit or any SOFR Loan made by it, or change the basis of taxation of payments to such Lender or the L/C Issuer in respect thereof (except for Indemnified Taxes, Other Taxes and Excluded Taxes); or

(iii) impose on any Lender or the L/C Issuer any other condition, cost or expense affecting this Agreement or SOFR Loans made by such Lender or any Letter of Credit or participation therein;

and the result of any of the foregoing shall be to increase the cost to such Lender of making or maintaining any Loan the interest on which is determined by reference to Adjusted Term SOFR (or of maintaining its obligation to make any such Loan), or to increase the cost to such Lender or the L/C Issuer of participating in, issuing or maintaining any Letter of Credit (or of maintaining its obligation to participate in or to issue any Letter of Credit), or to reduce the amount of any sum received or receivable by such Lender or the L/C Issuer hereunder (whether of principal, interest or any other amount) then, upon request of such Lender or the L/C Issuer, the Borrower will pay to such Lender or the L/C Issuer, as the case may be, such additional amount or amounts as will compensate such Lender or the L/C Issuer, as the case may be, for such additional costs incurred or reduction suffered.

(b) Capital Requirements. If any Lender or the L/C Issuer determines that any Change in Law affecting such Lender or the L/C Issuer or any Lending Office of such Lender or such Lender's or the L/C Issuer's holding company, if any, regarding capital or liquidity requirements has or would have the effect of reducing the rate of return on such Lender's or the L/C Issuer's capital or on the capital of such Lender's or the L/C Issuer's holding company, if any, as a consequence of this Agreement, the Commitments of such Lender or the Loans made by, or participations in Letters of Credit held by, such Lender, or the Letters of Credit issued by the L/C Issuer, to a level below that which such Lender or the L/C Issuer or such Lender's or the L/C Issuer's holding company could have achieved but for such Change in Law (taking into consideration such Lender's or the L/C Issuer's policies and the policies of such Lender's or the L/C Issuer's holding company with respect to capital adequacy or liquidity), then from time to time the Borrower will pay to such Lender or the L/C Issuer, as the case may be, such additional amount or amounts as will compensate such Lender or the L/C Issuer or such Lender's or the L/C Issuer's holding company for any such reduction suffered.

(c) Certificates for Reimbursement. A certificate of a Lender or the L/C Issuer setting forth the amount or amounts necessary to compensate such Lender or the L/C Issuer or its holding company, as the case may be, as specified in subsection (a) or (b) of this Section and delivered to the Borrower shall be conclusive absent manifest error. The Borrower shall pay such Lender or the L/C Issuer, as the case may be, the amount shown as due on any such certificate within 10 days after receipt thereof.

(d) Delay in Requests. Failure or delay on the part of any Lender or the L/C Issuer to demand compensation pursuant to the foregoing provisions of this Section shall not constitute a waiver of such Lender's or the L/C Issuer's right to demand such compensation, provided that the Borrower shall not be required to compensate a Lender or the L/C Issuer pursuant to the foregoing provisions of this Section for any increased costs incurred or reductions suffered more than nine months prior to the date that such Lender or the L/C Issuer, as the case may be, notifies the Borrower of the Change in Law giving rise to such increased costs or reductions and of such Lender's or the L/C Issuer's intention to claim compensation therefor (except that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the nine-month period referred to above shall be extended to include the period of retroactive effect thereof).

**3.05 Compensation for Losses.** Upon demand of any Lender (with a copy to the Administrative Agent) from time to time, the Borrower shall promptly compensate such Lender for and hold such Lender harmless from any loss, cost or expense incurred by it as a result of:

(a) any continuation, conversion, payment or prepayment of any SOFR Loan on a day other than the last day of the Interest Period for such Loan (whether voluntary, mandatory, automatic, by reason of acceleration, or otherwise);

(b) any failure by the Borrower (for a reason other than the failure of such Lender to make a Loan) to prepay, borrow, continue or convert any SOFR Loan on the date or in the amount notified by the Borrower; or

(c) any assignment of a SOFR Loan on a day other than the last day of the Interest Period therefor as a result of a request by the Borrower pursuant to Section 10.13;

including any loss of anticipated profits and any loss or expense arising from the liquidation or reemployment of funds obtained by it to maintain such Loan or from fees payable to terminate the deposits from which such funds were obtained. The Borrower shall also pay any customary administrative fees charged by such Lender in connection with the foregoing.

### **3.06 Mitigation Obligations; Replacement of Lenders.**

(a) Designation of a Different Lending Office. If any Lender requests compensation under Section 3.04, or the Borrower is required to pay any Indemnified Taxes or Other Taxes or any additional amount to any Lender, the L/C Issuer, or any Governmental Authority for the account of any Lender or the L/C Issuer pursuant to Section 3.01, or if any Lender gives a notice pursuant to Section 3.02, then such Lender or the L/C Issuer shall, as applicable, use reasonable efforts to designate a different Lending Office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the judgment of such Lender or the L/C Issuer, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 3.01 or 3.04, as the case may be, in the future, or eliminate the need for the notice pursuant to Section 3.02, as applicable, and (ii) in each case, would not subject such Lender or the L/C Issuer, as the case may be, to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender or the L/C Issuer, as the case may be. The Borrower hereby agrees to pay all reasonable costs and expenses incurred by any Lender or the L/C Issuer in connection with any such designation or assignment.

(b) Replacement of Lenders. If any Lender requests compensation under Section 3.04, or if the Borrower is required to pay any Indemnified Taxes or Other Taxes or any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 3.01, the Borrower may replace such Lender in accordance with Section 10.13.

**3.07 Survival.** All of the Borrower's obligations under this Article III shall survive termination of the Aggregate Commitments, repayment of all other Obligations hereunder, and resignation of the Administrative Agent.

## **ARTICLE IV. CONDITIONS PRECEDENT TO CREDIT EXTENSIONS**

**4.01 Conditions of Initial Credit Extension.** The obligation of the L/C Issuer and each Lender to make its initial Credit Extension hereunder is subject to satisfaction of the following conditions precedent:

(a) The Administrative Agent's receipt of the following, each of which shall be originals or telecopies (followed promptly by originals) unless otherwise specified, each properly executed by a Responsible Officer of the signing Loan Party, each dated the Closing Date (or, in the case of certificates of governmental officials, a recent date before the Closing Date) and each in form and substance satisfactory to the Administrative Agent and each of the Lenders:

(i) executed counterparts of this Agreement and the Guaranty, sufficient in number for distribution to the Administrative Agent, each Lender and the Borrower;

(ii) a Note executed by the Borrower in favor of each Lender requesting a Note;

(iii) such certificates of resolutions or other action, incumbency certificates and/or other certificates of Responsible Officers of each Loan Party as the Administrative Agent may require evidencing the identity, authority and capacity of each Responsible Officer thereof authorized to act as a Responsible Officer in connection with this Agreement and the other Loan Documents to which such Loan Party is a party;

(iv) such documents and certifications as the Administrative Agent may reasonably require to evidence that each Loan Party is duly organized or formed, and that each of the Borrower and Loan Parties is validly existing, in good standing and qualified to engage in business in its state of incorporation (or formation) and in each other state requested by the Administrative Agent;

(v) (i) a favorable opinion of Debevoise & Plimpton LLP, counsel to the Loan Parties, and (ii) a favorable opinion of Jessica Garascia, Vice President, General Counsel, Chief Administrative Officer, and Secretary of the Borrower, in each case, addressed to the Administrative Agent and each Lender;

(vi) [reserved];

(vii) a certificate signed by a Responsible Officer of the Borrower certifying (A) that the conditions specified in Sections 4.02(a) and (b) have been satisfied, (B) that there has been no event or circumstance since the date of the Audited Financial Statements that has had or could be reasonably expected to have, either individually or in the aggregate, a Material Adverse Effect, (C) the representations and warranties set forth in Section 5 hereof are true and correct on and as of the Closing Date, and (D) no Default or Event of Default has occurred and is continuing;

(viii) [reserved];

(ix) evidence that the Existing Credit Agreement has been or concurrently with the Closing Date is being terminated;

(x) at least five Business Days prior to the Closing Date, all documentation and other information concerning the Borrower as shall be reasonably required by any Lender to satisfy its bank regulatory authorities under applicable “know-your-customer” and anti-money laundering rules and regulations, including the Patriot Act, to the extent requested at least ten Business Days prior to the date hereof; and

(xi) such other assurances, certificates, documents, consents or opinions as the Administrative Agent, the L/C Issuer, the Swing Line Lender or the Required Lenders reasonably may require.

(b) Any fees required to be paid by the Borrower on or before the Closing Date shall have been paid.

(c) Unless waived by the Administrative Agent, the Borrower shall have paid all fees, charges and disbursements of counsel to the Administrative Agent (directly to such counsel if requested by the Administrative Agent) to the extent invoiced at least three (3) Business Days prior to the Closing Date, plus such additional amounts of such fees, charges and disbursements as shall constitute its

reasonable estimate of such fees, charges and disbursements incurred or to be incurred by it through the closing proceedings (provided that such estimate shall not thereafter preclude a final settling of accounts between the Borrower and the Administrative Agent).

Without limiting the generality of the provisions of the last paragraph of Section 9.03, for purposes of determining compliance with the conditions specified in this Section 4.01, each Lender that has signed this Agreement shall be deemed to have consented to, approved or accepted or to be satisfied with, each document or other matter required thereunder to be consented to or approved by or acceptable or satisfactory to a Lender unless the Administrative Agent shall have received notice from such Lender prior to the proposed Closing Date specifying its objection thereto.

**4.02 Conditions to all Credit Extensions.** The obligation of each Lender to honor any Request for Credit Extension (other than a Committed Loan Notice requesting only a conversion of Committed Loans to the other Type, or a continuation of SOFR Committed Loans) is subject to the following conditions precedent:

(a) Except as set forth in Section 2.16(e) with respect to any increase used to finance a Limited Condition Transaction, the representations and warranties of the Borrower and each other Loan Party contained in Article V (other than those contained in Section 5.04(b) and Section 5.05) or any other Loan Document, or which are contained in any document furnished at any time under or in connection herewith or therewith, shall be true and correct on and as of the date of such Credit Extension, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they shall be true and correct as of such earlier date, and except that for purposes of this Section 4.02, the representations and warranties contained in subsection (a) of Section 5.04 shall be deemed to refer to the most recent statements furnished pursuant to clauses (a) and (b), respectively, of Section 6.01.

(b) Except as set forth in Section 2.16(e) with respect to any increase used to finance a Limited Condition Transaction, no Default shall exist, or would result from such proposed Credit Extension or from the application of the proceeds thereof.

(c) The Administrative Agent and, if applicable, the L/C Issuer or the Swing Line Lender shall have received a Request for Credit Extension in accordance with the requirements hereof.

Each Request for Credit Extension (other than a Committed Loan Notice requesting only a conversion of Committed Loans to the other Type or a continuation of SOFR Committed Loans) submitted by the Borrower shall be deemed to be a representation and warranty that the conditions specified in Sections 4.02(a) and (b) (in each case, subject to Section 1.09(a) in connection with a Limited Condition Transaction) have been satisfied on and as of the date of the applicable Credit Extension.

## **ARTICLE V. REPRESENTATIONS AND WARRANTIES**

The Borrower represents and warrants to the Administrative Agent and the Lenders that:

**5.01 Organization.** Each of the Borrower and each Restricted Subsidiary is validly existing and in good standing under the laws of its jurisdiction of organization; and each of the Borrower and each Restricted Subsidiary is duly qualified to do business in each jurisdiction where, because of the nature of its activities or properties, such qualification is required, except for such jurisdictions where the failure to so qualify could not reasonably be expected to have a Material Adverse Effect.

**5.02 Authorization; No Conflict.** The Borrower and each Restricted Subsidiary is duly authorized to execute and deliver each Loan Document to which such Person is a party and perform its Obligations under each Loan Document to which it is a party. The Borrower is duly authorized to borrow monies hereunder. The execution, delivery and performance by the Borrower and each Restricted Subsidiary of each Loan Document to which such Person is a party, and the borrowings by the Borrower hereunder, do not and will not (a) require any consent or approval of any governmental agency or authority (other than any consent or approval which has been obtained and is in full force and effect) or which the failure to so obtain could not reasonably be expected to have a Material Adverse Effect, (b) conflict with (i) any provision of law, (ii) the Organization Documents or material agreements disclosed in the Borrower's most recent filing with the SEC on Form 10-K or (iii) any material agreement, indenture, instrument or other document, or any judgment, order or decree, which is binding upon the Borrower or any Restricted Subsidiary or any of their respective properties or (c) require, or result in, the creation or imposition of any Lien on any asset of the Borrower or any Restricted Subsidiary (other than Liens, if any, in favor of the Administrative Agent created pursuant to the Loan Documents).

**5.03 Validity and Binding Nature.** This Agreement has been, and each other Loan Document, when delivered hereunder, will have been, duly executed and delivered by each Loan Party that is party thereto and is, or when so delivered will be, the legal, valid and binding obligation of such Person, enforceable against such Person in accordance with its terms, subject to bankruptcy, insolvency and similar laws affecting the enforceability of creditors' rights generally and to general principles of equity.

**5.04 Financial Condition; No Material Adverse Effect.**

(a) The Audited Financial Statements, copies of which have been delivered to each Lender, were prepared in accordance with GAAP (subject, in the case of such unaudited statements, to the absence of footnotes and to normal year-end adjustments) and present fairly the consolidated financial condition of the Borrower and its Subsidiaries as at such dates and the results of their operations for the periods then ended.

(b) Since the date of the Audited Financial Statements, there has been no change in the financial condition, operations, assets, business or properties of the Borrower and the Restricted Subsidiaries, taken as a whole that has had or could reasonably be expected to have a Material Adverse Effect.

**5.05 Litigation and Contingent Liabilities.** Except as set forth on Schedule 5.05 or as disclosed in the SEC Filings as of the Amendment No. 1 Effective Date, no litigation (including derivative actions), arbitration proceeding or governmental investigation or proceeding is pending or, to the Borrower's knowledge, threatened against the Borrower or any Restricted Subsidiary which could reasonably be expected to have a Material Adverse Effect. Other than any liability incident to such litigation or proceedings, neither the Borrower nor any Restricted Subsidiary has any material contingent liabilities not listed on Schedule 5.05, disclosed in the SEC Filings as of the Amendment No. 1 Effective Date or that are permitted by Section 7.01.

**5.06 Ownership of Properties; Liens.** Each of the Borrower and each of its Restricted Subsidiaries owns good and, in the case of real property, sufficient title to all of its properties and assets, real and personal, tangible and intangible, of any nature whatsoever (including patents, trademarks, trade names, service marks and copyrights) that individually or in the aggregate are Material, free and clear of all Liens, charges and claims (including infringement claims with respect to patents, trademarks, service marks, copyrights and the like) except as permitted by Section 7.02.

**5.07 Equity Ownership; Subsidiaries.** All issued and outstanding Equity Interests of the Borrower and each Restricted Subsidiary are duly authorized and validly issued, fully paid, non-assessable, and free and clear of all Liens other than those in favor of the Administrative Agent (if any), and such securities were issued in compliance with all applicable state and federal laws concerning the issuance of securities. Schedule 5.07 sets forth the authorized Equity Interests of each Restricted Subsidiary and each Unrestricted Subsidiary as of the Amendment No. 1 Effective Date and identifies each owner of such Equity Interests and their percentage of the total Equity Interests which each owner owns. Each Restricted Subsidiary is a Wholly-Owned Subsidiary, except as set forth on Schedule 5.07. As of the Amendment No. 1 Effective Date, except as set forth on Schedule 5.07, there are no pre-emptive or other outstanding rights, options, warrants, conversion rights or other similar agreements or understandings for the purchase or acquisition of any Equity Interests of the Borrower or any Restricted Subsidiary. The Borrower shall update Schedule 5.07 promptly after (a) the creation or acquisition by the Borrower or a Subsidiary thereof of a new Subsidiary, (b) any change in the ownership structure of any Wholly-Owned Restricted Subsidiary that results in such Restricted Subsidiary no longer being a Wholly-Owned Subsidiary or (c) any change in a Subsidiary's designation as an Unrestricted Subsidiary or a Restricted Subsidiary; provided, such update in and of itself shall not cause such action to be permitted hereunder if such action is otherwise prohibited hereunder.

**5.08 Pension Plans.**

(a) Each Pension Plan complies in all material respects with all applicable requirements of law and regulations. No contribution failure under Section 412 of the Code, Section 302 of ERISA or the terms of any Pension Plan has occurred with respect to any Pension Plan, sufficient to give rise to a Lien under Section 303(k) of ERISA, or otherwise to have a Material Adverse Effect. There are no pending or, to the knowledge of the Borrower, threatened, claims, actions, investigations or lawsuits against any Pension Plan, any fiduciary of any Pension Plan, the Borrower or any ERISA Affiliate with respect to a Pension Plan which could reasonably be expected to have a Material Adverse Effect. Neither the Borrower nor any ERISA Affiliate has engaged in any prohibited transaction (as defined in Section 4975 of the Code or Section 406 of ERISA) in connection with any Pension Plan which would subject that Person to any material liability. Within the past five years, neither the Borrower nor any ERISA Affiliate has engaged in a transaction which resulted in a Pension Plan with an Unfunded Liability being transferred out of the group of ERISA Affiliates, which could reasonably be expected to have a Material Adverse Effect. No ERISA Event has occurred or is reasonably expected to occur with respect to any Pension Plan, which could reasonably be expected to have a Material Adverse Effect.

(b) All contributions (if any) have been made to any Multiemployer Plan that are required to be made by the Borrower or any ERISA Affiliate under the terms of the plan or of any collective bargaining agreement or by applicable law; neither the Borrower nor any ERISA Affiliate has withdrawn or partially withdrawn from any Multiemployer Plan, incurred any withdrawal liability with respect to any such plan or received notice of any claim or demand for withdrawal liability or partial withdrawal liability from any such plan, and no condition has occurred which, if continued, could result in a withdrawal or partial withdrawal from any such plan; and neither the Borrower nor any ERISA Affiliate has received any notice that any Multiemployer Plan is in endangered or critical status within the meaning of Section 432 of the Code or Section 305 of ERISA, that increased contributions may be required to avoid a reduction in plan benefits or the imposition of any excise tax, that any such plan is or has been funded at a rate less than that required under Section 412 of the Code, that any such plan is or may be terminated, or that any such plan is or may become insolvent.

**5.09 Investment Company Act.** Neither the Borrower nor any Restricted Subsidiary is an "investment company" or a company "controlled" by an "investment company" or a "subsidiary" of an "investment company," within the meaning of the Investment Company Act of 1940.

**5.10 Regulation U.** The Borrower is not engaged principally, or as one of its important activities, in the business of extending credit for the purpose of purchasing or carrying “margin stock” as defined in Regulation U of the FRB.

**5.11 Taxes.** Each of the Borrower and each Restricted Subsidiary has timely filed all tax returns and reports required by law to have been filed by it and has paid all taxes and governmental charges due and payable with respect to such returns, except any such taxes or charges (a) which are being diligently contested in good faith by appropriate proceedings and for which adequate reserves in accordance with GAAP shall have been set aside on its books or (b) the filing or amount of which is not individually or in the aggregate Material. The Borrower and the Restricted Subsidiaries have made adequate reserves on their books and records in accordance with GAAP for all taxes that have accrued but which are not yet due and payable. Neither the Borrower nor any Restricted Subsidiary has participated in any transaction that relates to a year of the taxpayer (which is still open under the applicable statute of limitations) which is a “listed transaction” within the meaning of Treasury Regulation Section 1.6011-4(b)(2) (irrespective of the date when the transaction was entered into).

**5.12 Solvency; Etc..** On the Closing Date, and immediately prior to and after giving effect to the issuance of each Letter of Credit and each borrowing hereunder and the use of the proceeds thereof, with respect to the Borrower and the Restricted Subsidiaries, taken as a whole, (a) the fair value of their assets is greater than the amount of their liabilities as such value and liabilities are established in accordance with GAAP, and (b) the present fair saleable value of their assets is not less than the amount that will be required to pay the probable liability on their debts as they become absolute and matured.

**5.13 Environmental Matters.** As of the Closing Date, except as disclosed in the most recent SEC Filings, neither the Borrower nor any Restricted Subsidiary has knowledge of any liability or has received any notice of any liability, and no proceeding has been instituted raising any liability against the Borrower or any of its Restricted Subsidiaries or any of their respective real properties now or formerly owned, leased or operated by any of them or other assets, alleging any damage to the environment or violation of any Environmental Laws, except, in each case, such as could not reasonably be expected to result in a Material Adverse Effect individually or in the aggregate. As of the Closing Date, except as disclosed in the most recent SEC Filings, and except as otherwise disclosed in writing:

(a) neither the Borrower nor any Restricted Subsidiary has knowledge of any facts which would give rise to any liability, public or private, for violation of Environmental Laws or damage to the environment emanating from, occurring on or in any way related to real properties now or formerly owned, leased or operated by any of them or to other assets or their use, except, in each case, such as could not reasonably be expected to result in a Material Adverse Effect;

(b) neither the Borrower nor any of its Restricted Subsidiaries has stored any Hazardous Materials on real properties now or formerly owned, leased or operated by any of them or has disposed of any Hazardous Materials in a manner contrary to any Environmental Laws in each case in any manner that could reasonably be expected to result in a Material Adverse Effect; and

(c) all buildings on all real properties now owned, leased or operated by the Borrower or any of its Restricted Subsidiaries are in compliance with applicable Environmental Laws, except where failure to comply could not reasonably be expected to result in a Material Adverse Effect.

**5.14 Insurance.** The Borrower and each Restricted Subsidiary and their respective properties are insured with financially sound and reputable insurance companies which are not Affiliates of the Borrower and the Restricted Subsidiaries, in such amounts, with such deductibles and covering such risks

as are customarily carried by companies engaged in similar businesses and owning similar properties in localities where the Borrower and the Restricted Subsidiaries operate.

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

**5.16 Intellectual Property.** Each of the Borrower and each Restricted Subsidiary owns and possesses or has a license or other right to use all patents, patent rights, trademarks, trademark rights, trade names, trade name rights, service marks, service mark rights, and copyrights as are necessary for the conduct of the businesses of the Borrower or such Restricted Subsidiary, as applicable, except to the extent the lack of such rights could not reasonably be expected to have a Material Adverse Effect, without any infringement upon rights of others which could reasonably be expected to have a Material Adverse Effect.

**5.17 No Default.** No Event of Default or Default exists or would result from the incurrence by the Borrower or any Restricted Subsidiary of any Debt hereunder or under any other Loan Document.

**5.18 Taxpayer Identification Number.** The Borrower's true and correct U.S. taxpayer identification number is set forth on Schedule 10.02.

**5.19 Anti-Corruption Laws; Sanctions; Anti-Terrorism Laws.**

(a) The Borrower, its Subsidiaries and their respective officers and employees, and to the knowledge of the Borrower its directors and agents, are in compliance with Anti-Corruption Laws and applicable Sanctions, inclusive of all applicable general and specific licenses, in all material respects, and each of the Borrower and its Subsidiaries has in effect policies and procedures designed to promote and achieve compliance with Anti-Corruption Laws and applicable Sanctions. None of the Borrower, any Subsidiary or to the knowledge of the Borrower or such Subsidiary any of their respective directors, officers, employees or agents is a Sanctioned Person. No Loan or Letter of Credit, use of the proceeds of any Loan or Letter of Credit or other transactions contemplated hereby will violate Anti-Corruption Laws or applicable Sanctions.

(b) Neither the making of the Loans hereunder nor the use of the proceeds thereof will violate the PATRIOT Act, the Trading with the Enemy Act, as amended, or any of the foreign assets control regulations of the United States Treasury Department (31 C.F.R., Subtitle B, Chapter V, as amended) or any enabling legislation or executive order relating thereto or successor statute thereto. The Borrower and its Subsidiaries are in compliance in all material respects with the PATRIOT Act.

**5.20 Affected Financial Institutions.** No Loan Party is an Affected Financial Institution.

## ARTICLE VI. AFFIRMATIVE COVENANTS

Until the expiration or termination of the Commitments and thereafter until all Obligations hereunder and under the other Loan Documents are paid in full (other than contingent or indemnification obligations which survive the termination of this Agreement) and all Letters of Credit have been terminated (or cash collateralized or backstopped in a manner reasonably satisfactory to the applicable L/C Issuer), the Borrower agrees that, unless at any time the Required Lenders shall otherwise expressly consent in writing, it will:

**6.01 Reports, Certificates and Other Information.** Furnish to the Administrative Agent (for delivery to each Lender):

(a) Annual Report. Promptly when available and in any event within 90 days after the close of each Fiscal Year, a copy of the annual audit report of the Borrower and its Subsidiaries for such Fiscal Year, including therein consolidated balance sheets and statements of earnings and cash flows of the Borrower and its Subsidiaries as at the end of such Fiscal Year, together with a Report of Independent Registered Public Accounting Firm thereon without adverse reference to going concern value and without qualification (other than a going concern qualification resulting from an upcoming maturity date occurring within one year under any Debt or an anticipated breach of any financial covenant in the documentation related to any Debt) by KPMG LLP or such other independent auditors of recognized standing selected by the Borrower and reasonably acceptable to the Administrative Agent; provided that the availability on EDGAR or the internet within the time period specified above of the Borrower's Annual Report on Form 10-K for such Fiscal Year (together with the Borrower's annual report to shareholders, if any, prepared pursuant to Rule 14a-3 under the Exchange Act) prepared in accordance with the requirements therefor and filed with the SEC shall be deemed to satisfy the requirements of this Section 6.01(a). The Borrower shall also furnish to the Administrative Agent and each Lender promptly when available and in any event within 90 days after the close of each Fiscal Year consolidated balance sheets and statements of earnings and cash flows of the Borrower and all Restricted Subsidiaries as at the end of such Fiscal Year prepared in accordance with GAAP and a consolidated balance sheet and statement of earnings and cash flows of all of the Borrower's Unrestricted Subsidiaries as at the end of such Fiscal Year prepared in accordance with GAAP, together with information on elimination entries (subject, in the case of the financial statements for the Borrower and its Restricted Subsidiaries and the financial statements for the Borrower's Unrestricted Subsidiaries, to the absence of footnotes and other deviations from GAAP that are to be listed or itemized by the Borrower upon submission of such financial statements).

(b) Interim Reports. Promptly when available and in any event within 45 days after the end of each Fiscal Quarter, consolidated balance sheets of the Borrower and its Subsidiaries as of the end of such Fiscal Quarter, together with consolidated statements of earnings and cash flows for such Fiscal Quarter and for the period beginning with the first day of such Fiscal Year and ending on the last day of such Fiscal Quarter, together with a comparison with the corresponding period of the previous Fiscal Year certified by a Responsible Officer of the Borrower; provided that the availability on EDGAR or the internet within the time period specified above of copies of the Borrower's Quarterly Report on Form 10-Q prepared in compliance with the requirements therefor and filed with the SEC shall be deemed to satisfy the requirements of this Section 6.01(b). The Borrower shall also furnish to the Administrative Agent and each Lender promptly when available and in any event within 45 days after the close of each Fiscal Quarter consolidated balance sheets of the Borrower and its Restricted Subsidiaries as of the end of such Fiscal Quarter, together with consolidated statements of earnings and cash flows for such Fiscal Quarter, and consolidated balance sheets of the Borrower's Unrestricted Subsidiaries as of the end of such Fiscal Quarter, together with a consolidated statement of earnings and cash flows and information on elimination entries reasonably satisfactory to the Administrative Agent. All deliveries under this

Section shall be prepared in accordance with GAAP (subject, in the case of the financial statements for the Borrower and its Restricted Subsidiaries and the financial statements for the Borrower's Unrestricted Subsidiaries, to the absence of footnotes and other deviations from GAAP that are to be listed or itemized by the Borrower upon submission of such financial statements).

(c) Compliance Certificates. Within 20 Business Days of the furnishing of a copy of or the making available on EDGAR or the internet of, as the case may be, each annual audit report of Form 10-K pursuant to Section 6.01(a) and each set of quarterly statements or Form 10-Q pursuant to Section 6.01(b), a duly completed Compliance Certificate in the form of Exhibit E, with appropriate insertions, dated the date of such annual report or such quarterly statements and signed by a Responsible Officer of the Borrower, containing a computation of each of the financial ratios and restrictions set forth in Section 7.13 and to the effect that such Responsible Officer has not become aware of any Event of Default or Default that has occurred and is continuing or, if there is any such event, describing it and the steps, if any, being taken to cure it. As a schedule to any Compliance Certificate delivered pursuant to Section 6.01(a), the Borrower shall also provide a listing of each of its Subsidiaries (excluding AAR International, Inc., the AAR AESL Group, the AAR IFS Group and the AAR Airlift Group) that represents 10% or more of the Borrower's consolidated revenues for the Fiscal Year then ended and/or 10% or more of the Borrower's Consolidated Assets as of the last day of such Fiscal Year. Such schedule shall set forth the Dollar amount of each such Subsidiary's assets and revenues and the percentage of the Borrower's Consolidated Assets and consolidated revenues represented by such Subsidiary's assets and revenues.

(d) Reports to the SEC and to Shareholders. Promptly upon the filing or sending thereof, copies of all regular, periodic or special reports of the Borrower filed with the SEC; copies of all registration statements of the Borrower filed with the SEC (other than on Form S-8); and copies of all proxy statements or other communications made to security holders generally, provided that the availability on EDGAR or the internet of any such report, statement or communication shall be deemed to satisfy the requirements of this Section 6.01(d) with respect to such report, statement or communication.

(e) Notice of Default, Litigation and ERISA Matters. Promptly upon any Responsible Officer becoming aware of any of the following, written notice describing the same and the steps being taken by the Borrower or the Subsidiary affected thereby with respect to:

(i) the occurrence of an Event of Default or a Default;

(ii) any litigation, arbitration or governmental investigation or proceeding not previously disclosed by the Borrower to the Lenders and which will not be disclosed in the next applicable SEC Filings in accordance with the requirements thereof, which has been instituted or, to the knowledge of the Borrower, is threatened against the Borrower or any Restricted Subsidiary or to which any of the properties of any thereof is subject which might reasonably be expected to have a Material Adverse Effect;

(iii) the institution of any steps by the Borrower, any ERISA Affiliate or any other Person to terminate any Pension Plan, or the failure of the Borrower or any ERISA Affiliate to make a required contribution to any Pension Plan (if such failure is sufficient to give rise to a Lien under Section 303(k) of ERISA) or to any Multiemployer Plan, or the taking of any action with respect to a Pension Plan which could result in the requirement that the Borrower furnish a bond or other security to the PBGC or such Pension Plan, or the occurrence of any event with respect to any Pension Plan which could result in the incurrence by the Borrower or any ERISA Affiliate of any material liability, fine or penalty (including any claim or demand for withdrawal

liability or partial withdrawal from any Multiemployer Plan), or any material increase in the contingent liability of the Borrower with respect to any post-retirement welfare benefit plan or other employee benefit plan of the Borrower or another ERISA Affiliate, or any notice that any Multiemployer Plan is in endangered or critical status within the meaning of Section 432 of the Code or Section 305 of ERISA, that increased contributions may be required to avoid a reduction in plan benefits or the imposition of an excise tax, that any such plan is or has been funded at a rate less than that required under Section 412 of the Code, that any such plan is or may be terminated, or that any such plan is or may become insolvent; or

(iv) any other event (including (i) any violation of any Environmental Law or the assertion of any Environmental Claim or (ii) the enactment or effectiveness of any law, rule or regulation) which might reasonably be expected to have a Material Adverse Effect and which will not be disclosed in the next applicable SEC Filings in accordance with the requirements thereof.

(f) Projections. As soon as reasonably practicable but no later than 60 days after the beginning of a Fiscal Year, provided that financial projections have been approved by the board of directors of the Borrower for such Fiscal Year, the financial projections of the Borrower and its Restricted Subsidiaries for such Fiscal Year, with each set of financial projections to be prepared and delivered in the form approved by the board of directors of the Borrower.

(g) Other Information. Promptly from time to time, such other information concerning the Borrower and the Restricted Subsidiaries as any Lender or the Administrative Agent may reasonably request.

The Borrower hereby acknowledges that (a) the Administrative Agent and/or the Arranger may, but shall not be obligated to, make available to the Lenders and the L/C Issuer materials and/or information provided by or on behalf of the Borrower hereunder (collectively, "Borrower Materials") by posting the Borrower Materials on a Platform and (b) certain of the Lenders (each, a "Public Lender") may have personnel who do not wish to receive material non-public information with respect to the Borrower or its Affiliates, or the respective securities of any of the foregoing, and who may be engaged in investment and other market-related activities with respect to such Persons' securities. The Borrower hereby agrees that (w) all Borrower Materials that are to be made available to Public Lenders shall be clearly and conspicuously marked "PUBLIC" which, at a minimum, shall mean that the word "PUBLIC" shall appear prominently on the first page thereof; (x) by marking Borrower Materials "PUBLIC," the Borrower shall be deemed to have authorized the Administrative Agent, the Arranger, the L/C Issuer and the Lenders to treat such Borrower Materials as not containing any material non-public information with respect to the Borrower or its securities for purposes of United States federal and state securities laws (provided, however, that to the extent such Borrower Materials constitute Information, they shall be treated as set forth in Section 10.07); (y) all Borrower Materials marked "PUBLIC" are permitted to be made available through a portion of the Platform designated "Public Side Information"; and (z) the Administrative Agent and the Arranger shall be entitled to treat any Borrower Materials that are not marked "PUBLIC" as being suitable only for posting on a portion of the Platform not designated "Public Side Information."

**6.02 Books, Records and Inspections.** Keep, and cause each Restricted Subsidiary to keep, its books and records in accordance with sound business practices sufficient to allow the preparation of financial statements in accordance with GAAP; permit, and cause each Restricted Subsidiary to permit, any Lender or the Administrative Agent or any representative thereof to inspect the properties and operations of the Borrower or any Restricted Subsidiary; and permit, and cause each Restricted Subsidiary to permit, at any reasonable time and with reasonable notice (or at any time without notice if

an Event of Default exists), any Lender or the Administrative Agent or any representative thereof to visit any or all of its offices, to discuss its financial matters with its officers and its independent auditors (and the Borrower hereby authorizes such independent auditors to discuss such financial matters with any Lender or the Administrative Agent or any representative thereof), and to examine (and, at the expense of the Borrower and the Restricted Subsidiaries, photocopy extracts from) any of its books or other records. All such inspections or audits by the Administrative Agent shall be at the Lenders' ratable expense, provided that so long as no Event of Default or Default exists, the Borrower shall not be required to reimburse the Lenders for any inspections or audits.

**6.03 Maintenance of Property; Insurance.**

(a) Keep, and cause each Restricted Subsidiary to keep, all property useful and necessary in the business of the Borrower and the Restricted Subsidiaries in good working order and condition, ordinary wear and tear excepted.

(b) Maintain, and cause each Restricted Subsidiary to maintain, with responsible insurance companies, such insurance coverage as may be required by any law or governmental regulation or court decree or order applicable to it and such other insurance, to such extent and against such hazards and liabilities, as is customarily maintained by companies similarly situated.

**6.04 Compliance with Laws; Payment of Taxes and Liabilities.** (a) Comply, and cause each Restricted Subsidiary to comply, in all material respects with all applicable Laws (including Environmental Laws and requirements of laws and regulations applicable to Pension Plans and Multiemployer Plans and Anti-Corruption Laws and applicable Sanctions), except where failure to comply could not reasonably be expected to have a Material Adverse Effect; (b) without limiting clause (a) above, ensure, and cause each Restricted Subsidiary to ensure, that no Person who owns a controlling interest in or otherwise controls a Restricted Subsidiary is or shall be (i) listed on the Specially Designated Nationals and Blocked Person List maintained by the Office of Foreign Assets Control ("OFAC"), Department of the Treasury, and/or any other similar lists maintained by OFAC pursuant to any authorizing statute, Executive Order or regulation or (ii) a person designated under Section 1(b), (c) or (d) of Executive Order No. 13224 (September 23, 2001), any related enabling legislation or any other similar Executive Orders; and (c) without limiting clause (a) above, comply, and cause each Restricted Subsidiary to comply, with all applicable Bank Secrecy Act ("BSA") and anti-money laundering laws and regulations.

**6.05 Maintenance of Existence, Etc.** Maintain and preserve, and (subject to a merger permitted under Section 7.04) cause each Restricted Subsidiary to maintain and preserve (a) its existence and good standing in the jurisdiction of its organization, except in connection with a merger of any Restricted Subsidiary into the Borrower or a Wholly-Owned Restricted Subsidiary and (b) its qualification to do business and good standing in each jurisdiction where the nature of its business makes such qualification necessary (other than such jurisdictions in which the failure to be qualified or in good standing could not reasonably be expected to have a Material Adverse Effect).

**6.06 Use of Proceeds.** Use the proceeds of the Loans, and the Letters of Credit, solely for working capital purposes, for Acquisitions permitted by Section 7.06 and for other general business purposes and other legal purposes; and not use or permit any proceeds of any Loan to be used, either directly or indirectly, for the purpose, whether immediate, incidental or ultimate, of "purchasing or carrying" any margin stock (within the meaning of Regulation U issued by the FRB), except to the extent such purchase or carrying would not cause a violation of any Law by the Borrower or any Lender. The Borrower shall ensure that its Subsidiaries and its or their respective directors, officers, employees and agents shall not use the proceeds of any Loan or Letter of Credit (i) in furtherance of an offer, payment,

promise to pay, or authorization of the payment or giving of money, or anything else of value, to any Person in violation of any Anti-Corruption Laws or (ii) in any manner that would result in the violation by any Person of any applicable Sanctions.

**6.07 Additional Guarantors.** Notify the Administrative Agent at the time that any Person that is a Domestic Subsidiary (other than an Excluded Subsidiary) becomes a Significant Subsidiary, and promptly thereafter (and in any event within 45 days (or such longer period as the Administrative Agent may agree) after a determination that such Domestic Subsidiary (other than an Excluded Subsidiary) constitutes a Significant Subsidiary), cause such Person to (a) become a Guarantor by executing and delivering to the Administrative Agent a counterpart of the Guaranty or such other document as the Administrative Agent shall deem appropriate for such purpose, and (b) deliver to the Administrative Agent documents of the types referred to in clauses (iii) and (iv) of Section 4.01(a) and, to the extent reasonably requested by the Administrative Agent, opinions of counsel to such Person.

**6.08 PATRIOT Act Compliance; Policies and Procedures.** The Borrower shall, and shall cause each Subsidiary to, provide such information and take such actions as are reasonably requested by the Administrative Agent or any Lender in order to assist the Administrative Agent and the Lenders in maintaining compliance with the PATRIOT Act and the Beneficial Ownership Regulation. The Borrower shall, and shall cause each Subsidiary to, maintain policies and procedures designed to promote and achieve compliance with the Anti-Corruption Laws and applicable Sanctions.

## ARTICLE VII. NEGATIVE COVENANTS

Until the expiration or termination of the Commitments and thereafter until all Obligations hereunder and under the other Loan Documents are paid in full (other than contingent or indemnification obligations which survive the termination of this Agreement) and all Letters of Credit have been terminated (or cash collateralized or backstopped in a manner reasonably satisfactory to the applicable L/C Issuer), the Borrower agrees that, unless at any time the Required Lenders shall otherwise expressly consent in writing, it will:

**7.01 Debt.** Not, and not permit any Restricted Subsidiary to, create, incur, assume or suffer to exist any Debt, except:

(a) Obligations under this Agreement and the other Loan Documents;

(b) Nonrecourse Debt secured by Liens permitted by Section 7.02(d), and extensions, renewals and refinancings thereof; provided that the aggregate amount of all such Nonrecourse Debt at any time outstanding shall not exceed the greater of (x) \$160,000,000 and (y) 60.0% of LTM EBITDA;

(c) Debt of the Borrower to any domestic Restricted Subsidiary or Debt of any domestic Restricted Subsidiary of which the Borrower owns, directly or indirectly, not less than 80% of the Equity Interests of such Subsidiary to the Borrower or another domestic Restricted Subsidiary; provided that, to the extent such Debt is owed by a Loan Party to a non-Loan Party, such Debt shall be evidenced by a demand note and the obligations under such demand note shall be subordinated to the Obligations of the Borrower hereunder in a manner reasonably satisfactory to the Administrative Agent;

(d) Subordinated Debt provided, that immediately before and immediately after the incurrence of such Subordinated Debt, no Event of Default or Default exists;

(e) Hedging Obligations incurred for bona fide hedging purposes and not for speculation;

(f) Debt described on Schedule 7.01 and any extension, renewal or refinancing thereof so long as the aggregate principal amount thereof is not increased (except to the extent such increase would otherwise be permitted by this Section 7.01);

(g) Contingent Liabilities arising with respect to customary indemnification obligations in favor of purchasers in connection with dispositions permitted under Section 7.05;

(h) except as provided in Section 7.01(i) below, up to the greater of (x) \$135,000,000 and (y) 50.0% of LTM EBITDA of Acquired Debt assumed in Acquisitions permitted under Section 7.06; provided that any such Debt of any Subsidiary is without any recourse to the Borrower or any other Subsidiary (including any other Guarantor);

(i) Acquired Debt arising under Acquisitions permitted under Section 7.06 where the primary obligor thereof is a Guarantor so long as (i) such Acquired Debt is unsecured, and (ii) such Acquired Debt is without recourse to the Borrower or any other Subsidiary (including any other Guarantor);

(j) Debt of the Borrower or a Subsidiary incurred pursuant to Permitted Receivables Transactions; provided that the unpaid principal or equivalent amount thereunder shall not exceed an aggregate amount of the greater of (x) \$200,000,000 and (y) 75.0% of LTM EBITDA at any time outstanding;

(k) any Senior Notes;

(l) other secured Debt secured by any Lien permitted under clauses (k) or (l) of Section 7.02;

(m) any Debt constituting an Investment permitted by Section 7.11 (other than Section 7.11(e));

(n) other secured or unsecured Debt of the Borrower or any of its Restricted Subsidiaries in an aggregate unpaid principal amount not to exceed the greater of (x) \$75,000,000 and (y) 30.0% of LTM EBITDA at any time outstanding;

(o) other unsecured Debt incurred by the Borrower provided, that, immediately before and immediately after the incurrence of such Debt, no Event of Default or Default exists; and

(p) other unsecured Debt incurred by any Restricted Subsidiary to Guarantee Debt incurred by the Borrower as permitted by Section 7.01(o) provided that such Subsidiary also contemporaneously Guarantees the Borrower's Obligations under this Agreement pursuant to a Guaranty substantially identical to the Guaranty.

**7.02 Liens.** Not, and not permit any Restricted Subsidiary to, create or permit to exist any Lien on any of its real or personal properties, assets or rights of whatsoever nature (whether now owned or hereafter acquired), except:

(a) Liens for taxes, assessments or other governmental charges that are not yet due and payable or the payment of which is not at the time required by Section 6.04;

(b) statutory Liens of landlords and Liens of carriers, warehousemen, mechanics, materialmen and other similar Liens, in each case incurred in the ordinary course of business and not in

connection with borrowed money, for sums not yet due and payable or the payment of which is being contested in good faith by appropriate proceedings;

(c) Liens (other than any Lien imposed by ERISA) incurred or deposits made in the ordinary course of business (i) in connection with workers' compensation, unemployment insurance and other types of social security or retirement benefits, or (ii) to secure (or to obtain letters of credit that secure) the performance of tenders, statutory obligations, surety bonds, appeal bonds, bids, leases (other than Capital Leases), performance bonds, purchase, construction or sales contracts and other similar obligations, in each case not incurred or made in connection with the borrowing of money, the obtaining of advances or credit or the payment of the deferred purchase price of property;

(d) Liens securing Nonrecourse Debt incurred by the Borrower or any Restricted Subsidiary (or any Person in which the Borrower or any Restricted Subsidiary shall be the beneficial owner), provided that such Lien is restricted to aircraft and engines and the lease thereof to a Person other than the Borrower or a Restricted Subsidiary;

(e) any attachment or judgment Lien; provided, that the judgment it secures shall, within 60 days after the entry thereof, have been discharged or execution thereof stayed pending appeal, or shall have been discharged within 60 days after the expiration of any such stay, or could not reasonably be expected to have a Material Adverse Effect;

(f) Liens on property or assets of the Borrower or any of its Restricted Subsidiaries securing Debt owing to the Borrower or to another Restricted Subsidiary;

(g) Liens in existence on the Amendment No. 1 Effective Date and listed on Schedule 7.02, and any Lien granted as a replacement or substitute therefor; provided that any such replacement or substitute Lien does not secure an aggregate amount of Indebtedness or other obligations, if any, greater than that secured on the Amendment No. 1 Effective Date (except to the extent such increase would otherwise be permitted by this Section 7.02);

(h) leases or subleases (including aircraft or engine leases) granted to others, easements, rights-of-way, restrictions and other similar charges, encumbrances or survey exceptions, in each case incidental to, and not interfering with, the ordinary conduct of the business of the Borrower or any of its Restricted Subsidiaries, provided that such Liens do not, in the aggregate, materially detract from the value of such property;

(i) the interest of the lessor of any property subject to a lease (other than a Capital Lease) of such property under which the Borrower or any Restricted Subsidiary is lessee, whether or not such interest is protected by a precautionary filing;

(j) any Lien existing on property of a Person immediately prior to its being consolidated with or merged into the Borrower or a Restricted Subsidiary or its becoming a Restricted Subsidiary, or any Lien existing on any property acquired by the Borrower or any Restricted Subsidiary at the time such property is so acquired (whether or not the Debt secured thereby shall have been assumed), provided that (i) no such Lien shall have been created or assumed in contemplation of such consolidation or merger or such Person's becoming a Restricted Subsidiary or such acquisition of property, and (ii) each such Lien shall extend solely to the item or items of property so acquired and, if required by the terms of the instrument originally creating such Lien, other property which is an improvement to or is acquired for specific use in connection with such acquired property;

(k) any Lien created to secure all or any part of the purchase price, or to secure Debt incurred or assumed to pay all or any part of the purchase price or cost of construction, of property (or any improvement thereon) acquired or constructed by the Borrower or a Restricted Subsidiary after the Closing Date, provided that:

(i) any such Lien shall extend solely to the item or items of such property (or improvement thereon) so acquired or constructed and, if required by the terms of the instrument originally creating such Lien, other property (or improvement thereon) which is an improvement to or is acquired for specific use in connection with such acquired or constructed property (or improvement thereon) or which is real property being improved by such acquired or constructed property (or improvement thereon),

(ii) the principal amount of the Debt secured by any such Lien shall at no time exceed an amount equal to the lesser of (A) the cost to the Borrower or such Restricted Subsidiary of the property (or improvement thereon) so acquired or constructed and (B) the fair market value (as determined in good faith by a Responsible Officer of the Borrower) of such property (or improvement thereon) at the time of such acquisition or construction,

(iii) in the case of inventory, the net book value, net of applicable reserves, of all inventory subject to such Liens shall not at any time exceed 20% of the aggregate net book value, net of applicable reserves, of all inventory of the Borrower and its Restricted Subsidiaries, and

(iv) any such Lien shall be created contemporaneously with, or within 365 days after, the acquisition or construction of such property;

(l) any Lien renewing, extending or refunding any Lien permitted by paragraphs (g), (j) and (k) of this Section 7.02, provided that (i) the principal amount of Debt secured by such Lien immediately prior to such extension, renewal or refunding is not increased or the maturity thereof reduced, (ii) such Lien is not extended to any other property, and (iii) immediately after such extension, renewal or refunding no Default or Event of Default would exist;

(m) Liens on notes or accounts receivable sold by the Borrower or any Restricted Subsidiary (or any related security, collections or proceeds with respect thereto or, if applicable, any segregated bank account established for the purpose of holding, among other things, collections and proceeds with respect to such accounts receivable), incurred pursuant to Permitted Receivables Transactions; provided that the unpaid principal amount of Debt or other obligations secured by such Liens shall not exceed the greater of (x) \$200,000,000 and (y) 75.0% of LTM EBITDA at any time outstanding; and

(n) Liens not otherwise permitted under this Section 7.02 so long as the outstanding principal amount of the obligations secured thereby does not exceed the greater of (x) \$75,000,000 and (y) 30.0% of LTM EBITDA at any time outstanding.

**7.03 Restricted Payments.** Not, and not permit any Restricted Subsidiary to, (a) make any distribution to any holders of its Equity Interests, (b) purchase or redeem any of its Equity Interests, or (c) set aside funds for any of the foregoing. Notwithstanding the foregoing, (i) any Subsidiary may pay dividends or make other distributions to, and purchase or redeem Equity Interests from, the Borrower or a domestic Wholly-Owned Subsidiary; (ii) any Foreign Subsidiary may pay dividends or make other distributions to, and purchase or redeem Equity Interests from, the Borrower or any other Subsidiary; (iii) the Borrower and its Restricted Subsidiaries may pay dividends and make other distributions, and purchase or redeem Equity Interests, in connection with the Triumph Transactions; (iv) the Borrower may pay dividends or make other distributions to, and purchase or redeem Equity Interests from, the

holders of its Equity Interests in an aggregate amount not to exceed the greater of (x) \$95,000,000 and 35.0% of LTM EBITDA; and (v) so long as no Event of Default or Default exists or would result therefrom, the Borrower may pay dividends or make other distributions to, and purchase or redeem Equity Interests from, the holders of its Equity Interests.

**7.04 Mergers and Consolidations.** Not, and not permit any Restricted Subsidiary to, consolidate with or merge with any other corporation or convey, transfer or lease substantially all of its assets in a single transaction or series of transactions to any Person (except that a Restricted Subsidiary of the Borrower may (x) consolidate with or merge with, or convey, transfer or lease substantially all of its assets in a single transaction or series of transactions to, the Borrower or another Restricted Subsidiary of the Borrower or any other Person that will, after giving effect to the consummation of such transaction or series of transactions, constitute a Restricted Subsidiary and (y) convey, transfer or lease all of its assets in compliance with the provisions of Section 7.05), provided that the foregoing restriction does not apply to (1) any consolidation or merger in order to consummate an Acquisition not prohibited by Section 7.06 or any other Investment not prohibited by Section 7.11 or (2) the consolidation or merger of the Borrower with, or the conveyance, transfer or lease of substantially all of the assets of the Borrower in a single transaction or series of transactions to, any Person, in each case, so long as (i) the successor formed by such consolidation or the survivor of such merger or the Person that acquires by conveyance, transfer or lease substantially all of the assets of the Borrower, as the case may be (the “Successor Corporation”), shall be a solvent corporation, limited liability company or other limited liability entity organized and existing under the laws of the United States of America, any State thereof or the District of Columbia, (ii) the Successor Corporation (if not the Borrower) agrees in writing to assume all of the obligations of the Borrower under this Agreement and each other Loan Document to which the Borrower is a party, and (iii) immediately after giving effect to such transaction no Default or Event of Default would exist. No such conveyance, transfer or lease of substantially all of the assets of the Borrower shall have the effect of releasing the Borrower or any Successor Corporation from its liability under this Agreement or the Loan Documents.

**7.05 Sale of Assets, Etc..** Except as permitted under Section 7.04 or in connection with an Acquisition not prohibited by Section 7.06, not, and not permit any of its Restricted Subsidiaries to, make any Asset Dispositions unless:

- (a) in the good faith opinion of the Borrower, the Asset Disposition is in exchange for consideration having a Fair Market Value at least equal to that of the property exchanged;
- (b) immediately after giving effect to the Asset Disposition (or, at the option of the Borrower, at the time of entry into a legally binding commitment with respect to such Asset Disposition), no Default or Event of Default would exist; and
- (c) immediately after giving effect to the Asset Disposition, the Disposition Value of all property that was the subject of any Asset Disposition (other than any Transfers pursuant to clause (ii) below) occurring in the then current Fiscal Year of the Borrower would not exceed 10% of Consolidated Assets as of the end of the then most recently ended Fiscal Year of the Borrower.

If the Net Proceeds Amount for any Transfer is applied to a Debt Prepayment Application or a Property Reinvestment Application within 365 days after such Transfer or, if a letter of intent or binding commitment to reinvest such Net Proceeds Amount is entered into within such 365-day period, within 545 days after such Transfer, then, in each case, such Transfer, only for the purpose of determining compliance with subsection (c) of this Section as of a date on or after the Net Proceeds Amount is so applied, shall be deemed not to be an Asset Disposition.

Notwithstanding the foregoing, the Borrower and its Restricted Subsidiaries may (i) enter into any Permitted Receivables Transaction permitted under Section 7.01 and (ii) make Transfers for Fair Market Value related to any potential Disposition of the assets set forth on Schedule 7.05 as of the Amendment No. 1 Effective Date.

**7.06 Acquisitions.** Not, and not permit any Restricted Subsidiary to, acquire all or substantially all of the assets or any Equity Interests of any class of, or any partnership or joint venture interest in, any other Person, except for any Acquisition by the Borrower or any domestic Wholly-Owned Subsidiary that is a Restricted Subsidiary where:

(a) the business or division acquired are for use, or the Person acquired is engaged, in a business which would not cause the general nature of the business in which the Borrower and its Restricted Subsidiaries, taken as a whole, are engaged immediately after giving effect to such Acquisition to be substantially changed from the general nature of the business in which the Borrower and its Restricted Subsidiaries, taken as a whole, are engaged on or immediately prior to the Amendment No. 1 Effective Date;

(b) immediately before and after giving effect to such Acquisition, no Event of Default or Default shall exist;

(c) immediately after giving effect to such Acquisition, the Borrower is in pro forma compliance with all the financial ratios and restrictions set forth in Section 7.13; provided, that (x) the Borrower shall calculate such pro forma compliance based upon the most-recent trailing twelve month historical financial statements for the Borrower and the target to be acquired, (y) all such information for the Borrower and the target shall be used and shall comply with the defined terms (such as, for example, Consolidated Net Income) used in this Agreement to calculate, among other things, financial covenants, and (z) the following formula shall be used to determine the target's EBITDA: Consolidated Net Income plus, to the extent deducted in determining such Consolidated Net Income, Interest Expense, income and franchise tax expense, depreciation and amortization; and

(d) in the case of the Acquisition of any Person, the board of directors or similar governing body of such Person has approved such Acquisition prior to the occurrence thereof;

(e) to the extent available, reasonably prior to such Acquisition, the Administrative Agent shall have received complete executed or conformed copies of each material document, instrument and agreement to be executed in connection with such Acquisition together with all lien search reports and lien release letters and other documents as the Administrative Agent may require to evidence the termination of Liens on the assets or business to be acquired (except to the extent the Borrower or a Restricted Subsidiary is assuming such Liens pursuant to the Acquisition);

(f) to the extent available, Borrower shall use reasonable efforts prior to such Acquisition to provide the Administrative Agent an acquisition summary with respect to the Person and/or business or division to be acquired, such summary to include a reasonably detailed description thereof (including financial information) and operating results (including financial statements for the most recent 12 month period for which they are available and as otherwise available), the terms and conditions, including economic terms, of the proposed Acquisition, and the Borrower's calculation of pro forma EBITDA relating thereto; and

(g) if the Acquisition is structured as a merger, the Borrower or a Restricted Subsidiary is the surviving entity (including a surviving entity that becomes a Restricted Subsidiary);

provided that (i) clauses (e) and (f) shall apply only if the consideration paid in connection with the Acquisition is greater than the greater of (x) \$30,000,000 and (y) 12.0% of LTM EBITDA and (ii) nothing in this Section 7.06 shall be deemed to restrict the Triumph Transactions or any Investment permitted by Section 7.11(j).

**7.07 [Reserved].**

**7.08 Transactions with Affiliates.** Not, and not permit any Restricted Subsidiary to, enter into, or cause, suffer or permit to exist any transaction, arrangement or contract with any of its Affiliates (other than its Subsidiaries) involving aggregate payments or consideration in excess of the greater of (x) \$15,000,000 and (y) 6.0% of LTM EBITDA which is on terms which are materially less favorable to the Borrower or such Restricted Subsidiary than are obtainable in a comparable transaction by the Borrower or such Restricted Subsidiary with any Person which is not one of its Affiliates, except:

- (a) transactions permitted by Section 7.03;
- (b) transactions pursuant to compensatory, benefit and incentive plans and similar agreements with officers, directors, managers or employees of the Borrower or any of its Restricted Subsidiaries;
- (c) the Triumph Transactions and the payment of all fees and expenses related to the Triumph Transactions;
- (d) the issuance or transfer of Equity Interests of the Borrower and the granting and performance of customary registration rights;
- (e) sales of accounts receivable, or participations therein, in connection with any Permitted Receivables Transactions;
- (f) any transaction in which the only consideration paid by the Borrower or any Restricted Subsidiary consists of Equity Interests of the Borrower;
- (g) any lease entered into between the Borrower or any Restricted Subsidiary and any Affiliate of the Borrower in the ordinary course of business;
- (h) intellectual property licenses in the ordinary course of business;
- (i) transactions between the Borrower or any of its Restricted Subsidiaries and any Person that would constitute a transaction with an Affiliate solely because a director of which is also a director of the Borrower or any other direct or indirect parent of the Borrower; provided, however, that such director abstains from voting as a director of the Borrower or such direct or indirect parent of the Borrower, as the case may be, on any matter involving such other Person; and
- (j) transactions with joint ventures for the purchase or sale of goods, equipment and services entered into in the ordinary course of business.

**7.09 Inconsistent Agreements.** Not, and not permit any Restricted Subsidiary to, enter into any agreement, document or instrument after the Closing Date containing any provision which would (a) be violated or breached by any borrowing by the Borrower hereunder or by the performance by the Borrower of any of its Obligations hereunder or under any other Loan Document, (b) prohibit the Borrower or any Restricted Subsidiary from granting to the Administrative Agent and the Lenders, a Lien

on any of its assets (other than any provision in any agreement relating to Debt secured by Liens permitted under Section 7.02(k), Acquired Debt, Nonrecourse Debt or Permitted Receivables Transactions that prohibits the Borrower or such Restricted Subsidiary from granting a Lien to the Administrative Agent and the Lenders upon the asset or assets which secure such Debt or otherwise directly corresponding with such financing), or (c) create or permit to exist or become effective any encumbrance or restriction on the ability of any Restricted Subsidiary to (i) pay dividends or make other distributions to the Borrower or any Wholly-Owned Subsidiary, or pay any Debt owed to the Borrower or any other Restricted Subsidiary, (ii) make loans or advances to the Borrower or any Restricted Subsidiary or (iii) transfer any of its assets or properties to the Borrower or any Restricted Subsidiary, other than, in each case of clause (a) through (c), (A) customary restrictions and conditions contained in agreements relating to the sale of all or a substantial part of the assets of any Subsidiary pending such sale, provided that such restrictions and conditions apply only to the Subsidiary to be sold and such sale is permitted hereunder, (B) restrictions or conditions, other than those prohibited by clause (b), imposed by any agreement relating to Debt secured by Liens permitted under Section 7.02(k), Acquired Debt, Nonrecourse Debt, Permitted Receivables Transactions and other secured Debt permitted by this Agreement, (C) restrictions or conditions, other than those prohibited by clause (b), imposed by any agreement relating to other Debt not prohibited by Section 7.01, to the extent such restrictions are not materially more restrictive than the restrictions contained in this Agreement, as determined in good faith by the Borrower, (D) any agreement in effect at the time a Person becomes a Restricted Subsidiary, so long as such agreement was not entered into in contemplation of such Person becoming a Restricted Subsidiary, (E) any restrictions imposed pursuant to the Triumph Acquisition Agreement, (F) restrictions or conditions in the documentation governing any Senior Notes that are not materially more restrictive than the restrictions contained in the Senior Notes Indenture, as determined in good faith by the Borrower, and (G) customary provisions in leases and other contracts restricting the assignment thereof.

**7.10 Business Activities.** Not, and not permit any of its Restricted Subsidiaries to, engage in any business if, as a result, the general nature of the business in which the Borrower and its Restricted Subsidiaries, taken as a whole, would then be engaged would be substantially changed from the general nature of the business in which the Borrower and its Restricted Subsidiaries, taken as a whole, are engaged on the Amendment No. 1 Effective Date.

**7.11 Investments.** Not, and not permit any Restricted Subsidiary to, make or permit to exist any Investment in any other Person, except the following:

- (a) contributions by the Borrower to the capital of any Wholly-Owned Subsidiary, or by any Subsidiary to the capital of any other domestic Wholly-Owned Subsidiary; provided, however, that neither the Borrower nor any Restricted Subsidiary shall make an Investment in an Unrestricted Subsidiary to finance in whole or in part an Acquisition;
- (b) Investments in any Person that concurrently with such Investment becomes a Restricted Subsidiary;
- (c) Investments in property to be used in the ordinary course of business of the Borrower and its Restricted Subsidiaries;
- (d) Investments constituting Debt permitted by Section 7.01;
- (e) Contingent Liabilities constituting Debt permitted by Section 7.01 or Liens permitted by Section 7.02;
- (f) Cash Equivalent Investments;

- (g) bank deposits in the ordinary course of business;
  - (h) Investments in securities of account debtors received pursuant to any plan of reorganization or similar arrangement upon the bankruptcy or insolvency of such account debtors;
  - (i) (i) Investments in a Restricted Subsidiary to permit the Restricted Subsidiary to consummate Acquisitions permitted by Section 7.06 and (ii) Acquisitions permitted by Section 7.06;
  - (j) Investments listed on Schedule 7.11 as of the Amendment No. 1 Effective Date;
  - (k) treasury stock;
  - (l) Investments in Unrestricted Subsidiaries and other Investments, provided that immediately after giving effect to any such Investment the Borrower is in compliance with Section 7.13 and no Event of Default or Default exists;
  - (m) Investments of a Restricted Subsidiary acquired after the Closing Date or of a person merged into the Borrower or a Restricted Subsidiary after the Closing Date, in each case, to the extent such Investments were not made in contemplation of or in connection with such acquisition or merger and were in existence on the date of such acquisition or merger; and
  - (n) Investments to effect the Triumph Transactions;
- provided that (x) any Investment which when made complies with the requirements of the definition of the term “Cash Equivalent Investment” may continue to be held notwithstanding that such Investment if made thereafter would not comply with such requirements; (y) no Investment otherwise permitted by clause (d), (e), or (i) shall be permitted to be made if, immediately before or after giving effect thereto, any Event of Default or Default exists.

**7.12 Fiscal Year.** Not change its Fiscal Year.

**7.13 Financial Covenants.**

(a) **Minimum Interest Coverage Ratio.** Not permit the Interest Coverage Ratio, as of the last day of any Computation Period, to be less than 3.00:1.00.

(b) **Maximum Adjusted Total Debt to EBITDA Ratio.** Not permit the Adjusted Total Debt to EBITDA Ratio, as of the last day of any Computation Period, to be greater than the ratio set forth in the chart below for the last day of such Computation Period:

Last Day of Computation Period	Maximum Adjusted Total Debt to EBITDA Ratio
May 31, 2024 to February 28, 2025	4.75:1.00
May 31, 2025 and August 31, 2025	4.50:1.00
November 30, 2025 and February 28, 2026	4.25:1.00
Thereafter	4.00:1.00

provided that, in connection with any Acquisition (whether by direct purchase, merger or otherwise and whether in a single transaction or series of related transactions) consummated after the Amendment No. 1 Effective Date for which the aggregate purchase price in respect thereof is greater than or equal to \$75,000,000 (any such acquisition, a “Specified Acquisition”), the maximum permitted Adjusted Total Debt to EBITDA Ratio with respect to any Computation Period ending on the last day of each of the four consecutive Fiscal Quarters commencing with the Fiscal Quarter in which such Specified Acquisition occurs (each such period, an “Acquisition Holiday”) shall increase by 0.50:1.00 for four Fiscal Quarters (including the Fiscal Quarter in which the Specified Acquisition closes); provided further that (x) at the time of commencement of any such Acquisition Holiday, no Event of Default shall have occurred and be continuing, (y) no Acquisition Holiday shall be available during the two (2) consecutive Fiscal Quarters occurring immediately after any Acquisition Holiday shall have concluded and (z) notwithstanding the foregoing, in no event shall the maximum permitted Adjusted Total Debt to EBITDA Ratio exceed 4.50:1.00 at any time (other than as set forth in the chart above).

## ARTICLE VIII. EVENTS OF DEFAULT AND REMEDIES

### 8.01 Events of Default. Any of the following shall constitute an Event of Default:

(a) Non-Payment. The Borrower or any other Loan Party fails to pay (i) when and as required to be paid herein or under the Guaranty, any amount of principal of any Loan, any L/C Obligation or any payment due under the Guaranty, or (ii) within five days after the same becomes due and the Borrower or any other Loan Party shall have received notice of the amount due, any interest on any Loan or on any L/C Obligation, or any fee due hereunder, or (iii) within five days after the same becomes due, any other amount payable hereunder or under any other Loan Document; or

(b) Non-Payment of Other Debt. Any default shall occur under the terms applicable to any Debt of the Borrower or any Significant Subsidiary in an aggregate amount (for all such Debt so affected and including undrawn committed or available amounts and amounts owing to all creditors under any combined or syndicated credit arrangement) exceeding the greater of (x) \$95,000,000 and (y) 35.0% of LTM EBITDA and such default shall (i) consist of the failure to pay such Debt when due, whether by acceleration or otherwise, or (ii) accelerate the maturity of such Debt or permit the holder or holders thereof, or any trustee or agent for such holder or holders, to cause such Debt to become due and payable (or require the Borrower or any Restricted Subsidiary to purchase or redeem such Debt or post cash collateral in respect thereof) prior to its expressed maturity; or

(c) Specific Covenants. The Borrower fails to perform or observe any term, covenant or agreement contained in any of Section 6.01(e), 6.05, 7.01, 7.02, 7.03, 7.04, 7.05, 7.06 or 7.13; or

(d) Other Defaults. Any Loan Party fails to perform or observe any other covenant or agreement (not specified in subsection (a) or (c) above) contained in any Loan Document on its part to be performed or observed and such failure continues for 30 days; or

(e) Hedging Agreements. There occurs under any Hedging Agreement an early termination date resulting from (A) any event of default under such Hedging Agreement as to which the Borrower or any Subsidiary is the defaulting party or (B) any termination event under such Hedging Agreement as to which the Borrower or any Subsidiary is an affected party and, in either event, the Hedging Termination Value owed by the Borrower or such Subsidiary as a result thereof is greater than the greater of (x) \$47,500,000 and (y) 18.0% of LTM EBITDA; or

(f) Representations and Warranties. Any representation, warranty, certification or statement of fact made or deemed made by or on behalf of the Borrower or any other Loan Party herein, in any other Loan Document, or in any document delivered in connection herewith or therewith shall be incorrect or misleading in any material respect when made or deemed made; or

(g) Insolvency Proceedings, Etc. The Borrower or any of its Significant Subsidiaries institutes or consents to the institution of any proceeding under any Debtor Relief Law, or makes an assignment for the benefit of creditors; or applies for or consents to the appointment of any receiver, trustee, custodian, conservator, liquidator, rehabilitator or similar officer for it or for all or any material part of its property; or any receiver, trustee, custodian, conservator, liquidator, rehabilitator or similar officer is appointed without the application or consent of such Person and the appointment continues undischarged or unstayed for 60 calendar days; or any proceeding under any Debtor Relief Law relating to any such Person or to all or any material part of its property is instituted without the consent of such Person and continues undismissed or unstayed for 60 calendar days, or an order for relief is entered in any such proceeding; or

(h) Inability to Pay Debts; Attachment. (i) The Borrower or any Significant Subsidiary becomes unable or admits in writing its inability or fails generally to pay its debts as they become due, or (ii) any writ or warrant of attachment or execution or similar process is issued or levied against all or any material part of the property of any such Person and is not released, vacated or fully bonded within 60 days after its issue or levy; or

(i) Judgments. There is entered against the Borrower or any Significant Subsidiary one or more final judgments or orders for the payment of money in an aggregate amount (as to all such judgments or orders) exceeding the greater of (x) \$95,000,000 and (y) 35.0% of LTM EBITDA (to the extent not covered by independent third-party insurance as to which the insurer does not dispute coverage) and (i) enforcement proceedings are commenced by any creditor upon such judgment or order, or (ii) there is a period of 60 consecutive days during which a stay of enforcement of such judgment, by reason of a pending appeal or otherwise, is not in effect; or

(j) ERISA. (i) An ERISA Event occurs with respect to a Pension Plan or Multiemployer Plan or (ii) the Borrower or any ERISA Affiliate fails to pay when due, after the expiration of any applicable grace period, any installment payment with respect to its withdrawal liability under Section 4201 of ERISA under a Multiemployer Plan, and in each case of clauses (i) and (ii) such event, together with all other such events, if any, would reasonably be expected to have a Material Adverse Effect; or

(k) Invalidity of Loan Documents; Effectiveness of Guaranty. Any material provision of any Loan Document, at any time after its execution and delivery and for any reason other than as expressly permitted hereunder or thereunder or satisfaction in full of all the Obligations, ceases to be in full force and effect; or any Loan Party or any other Person contests in any manner the validity or enforceability of any material provision of any Loan Document; or any Loan Party denies that it has any or further liability or obligation under any Loan Document, or purports to revoke, terminate or rescind any material provision of any Loan Document; or

(l) Change of Control. There occurs any Change of Control.

**8.02 Remedies Upon Event of Default.** If any Event of Default occurs and is continuing, the Administrative Agent shall, at the request of, or may, with the consent of, the Required Lenders, take any or all of the following actions:

(a) declare the Commitment of each Lender to make Loans and any obligation of the L/C Issuer to make L/C Credit Extensions to be terminated, whereupon such Commitments and obligation shall be terminated;

(b) declare the unpaid principal amount of all outstanding Loans, all interest accrued and unpaid thereon, and all other amounts owing or payable hereunder or under any other Loan Document to be immediately due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived by the Borrower;

(c) require that the Borrower Cash Collateralize the L/C Obligations (in an amount equal to the then Outstanding Amount thereof); and

(d) exercise on behalf of itself, the Lenders and the L/C Issuer all rights and remedies available to it, the Lenders and the L/C Issuer under the Loan Documents;

provided, however, that upon the occurrence of an actual or deemed entry of an order for relief with respect to the Borrower under the Bankruptcy Code of the United States, the obligation of each Lender to make Loans and any obligation of the L/C Issuer to make L/C Credit Extensions shall automatically terminate, the unpaid principal amount of all outstanding Loans and all interest and other amounts as aforesaid shall automatically become due and payable, and the obligation of the Borrower to Cash Collateralize the L/C Obligations as aforesaid shall automatically become effective, in each case without further act of the Administrative Agent or any Lender.

**8.03 Application of Funds.** After the exercise of remedies provided for in Section 8.02 (or after the Loans have automatically become immediately due and payable and the L/C Obligations have automatically been required to be Cash Collateralized as set forth in the proviso to Section 8.02), any amounts received on account of the Obligations shall, subject to the provisions of Sections 2.17 and 2.18, be applied by the Administrative Agent in the following order:

First, to payment of that portion of the Obligations constituting fees, indemnities, expenses and other amounts (including fees, charges and disbursements of counsel to the Administrative Agent and amounts payable under Article III) payable to the Administrative Agent in its capacity as such;

Second, to payment of that portion of the Obligations constituting fees, indemnities and other amounts (other than principal, interest and Letter of Credit Fees) payable to the Lenders and the L/C Issuer (including fees, charges and disbursements of counsel to the respective Lenders and the L/C Issuer and amounts payable under Article III), ratably among them in proportion to the respective amounts described in this clause Second payable to them;

Third, to payment of that portion of the Obligations constituting accrued and unpaid Letter of Credit Fees and interest on the Loans, L/C Borrowings and other Obligations, ratably among the Lenders and the L/C Issuer in proportion to the respective amounts described in this clause Third payable to them;

Fourth, to payment of that portion of the Obligations constituting unpaid principal of the Loans, L/C Borrowings, Hedging Obligations and Bank Product Obligations, ratably among the Lenders or their Affiliates and the L/C Issuer in proportion to the respective amounts described in this clause Fourth held by them;

Fifth, to the Administrative Agent for the account of the L/C Issuer, to Cash Collateralize that portion of L/C Obligations comprised of the aggregate undrawn amount of Letters of Credit to the extent not otherwise Cash Collateralized by the Borrower pursuant to Sections 2.04 and 2.17; and

Last, the balance, if any, after all of the Obligations have been indefeasibly paid in full, to the Borrower or as otherwise required by Law.

Subject to Sections 2.04(c) and 2.17, amounts used to Cash Collateralize the aggregate undrawn amount of Letters of Credit pursuant to clause Fifth above shall be applied to satisfy drawings under such Letters of Credit as they occur. If any amount remains on deposit as Cash Collateral after all Letters of Credit have either been fully drawn or expired, such remaining amount shall be applied to the other Obligations, if any, in the order set forth above.

## ARTICLE IX. ADMINISTRATIVE AGENT

**9.01 Appointment and Authority.** Each of the Lenders and the L/C Issuer hereby irrevocably appoints Wells Fargo to act on its behalf as the Administrative Agent hereunder and under the other Loan Documents and authorizes the Administrative Agent to take such actions on its behalf and to exercise such powers as are delegated to the Administrative Agent by the terms hereof or thereof, together with such actions and powers as are reasonably incidental thereto. The provisions of this Article are solely for the benefit of the Administrative Agent, the Lenders and the L/C Issuer, and neither the Borrower nor any other Loan Party shall have rights as a third party beneficiary of any of such provisions. It is understood and agreed that the use of the term “agent” herein or in any other Loan Documents (or any other similar term) with reference to the Administrative Agent is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any applicable Law. Instead such term is used as a matter of market custom, and is intended to create or reflect only an administrative relationship between contracting parties.

**9.02 Rights as a Lender.** The Person serving as the Administrative Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not the Administrative Agent and the term “Lender” or “Lenders” shall, unless otherwise expressly indicated or unless the context otherwise requires, include the Person serving as the Administrative Agent hereunder in its individual capacity. Such Person and its Affiliates may accept deposits from, lend money to, act as the financial advisor or in any other advisory capacity for and generally engage in any kind of business with the Borrower or any Subsidiary or other Affiliate thereof as if such Person were not the Administrative Agent hereunder and without any duty to account therefor to the Lenders.

**9.03 Exculpatory Provisions.** The Administrative Agent shall not have any duties or obligations except those expressly set forth herein and in the other Loan Documents. Without limiting the generality of the foregoing, the Administrative Agent:

(a) shall not be subject to any fiduciary or other implied duties, regardless of whether a Default has occurred and is continuing;

(b) shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby or by the other Loan Documents that the Administrative Agent is required to exercise as directed in writing by the Required Lenders (or such other number or percentage of the Lenders as shall be expressly provided for herein or in the other Loan Documents), provided that the Administrative Agent shall not be required to take any

action that, in its opinion or the opinion of its counsel, may expose the Administrative Agent to liability or that is contrary to any Loan Document or applicable law; and

(c) shall not, except as expressly set forth herein and in the other Loan Documents, have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to the Borrower or any of its Affiliates that is communicated to or obtained by the Person serving as the Administrative Agent or any of its Affiliates in any capacity.

The Administrative Agent shall not be liable for any action taken or not taken by it (i) with the consent or at the request of the Required Lenders (or such other number or percentage of the Lenders as shall be necessary, or as the Administrative Agent shall believe in good faith shall be necessary, under the circumstances as provided in Sections 10.01 and 8.02) or (ii) in the absence of its own gross negligence or willful misconduct. The Administrative Agent shall be deemed not to have knowledge of any Default unless and until notice describing such Default is given to the Administrative Agent by the Borrower, a Lender or the L/C Issuer.

The Administrative Agent shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with this Agreement or any other Loan Document, (ii) the contents of any certificate, report or other document delivered hereunder or thereunder or in connection herewith or therewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein or therein or the occurrence of any Default, (iv) the validity, enforceability, effectiveness or genuineness of this Agreement, any other Loan Document or any other agreement, instrument or document or (v) the satisfaction of any condition set forth in Article IV or elsewhere herein, other than to confirm receipt of items expressly required to be delivered to the Administrative Agent.

**9.04 Reliance by Administrative Agent.** The Administrative Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing (including any electronic message, internet or intranet website posting or other distribution) believed by it to be genuine and to have been signed, sent or otherwise authenticated by the proper Person. The Administrative Agent also may rely upon any statement made to it orally or by telephone and believed by it to have been made by the proper Person, and shall not incur any liability for relying thereon. In determining compliance with any condition hereunder to the making of a Loan, or the issuance of a Letter of Credit, that by its terms must be fulfilled to the satisfaction of a Lender or the L/C Issuer, the Administrative Agent may presume that such condition is satisfactory to such Lender or the L/C Issuer unless the Administrative Agent shall have received notice to the contrary from such Lender or the L/C Issuer prior to the making of such Loan or the issuance of such Letter of Credit. The Administrative Agent may consult with legal counsel (who may be counsel for the Borrower), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

**9.05 Delegation of Duties.** The Administrative Agent may perform any and all of its duties and exercise its rights and powers hereunder or under any other Loan Document by or through any one or more sub-agents appointed by the Administrative Agent. The Administrative Agent and any such sub-agent may perform any and all of its duties and exercise its rights and powers by or through their respective Related Parties. The exculpatory provisions of this Article shall apply to any such sub-agent and to the Related Parties of the Administrative Agent and any such sub-agent, and shall apply to their respective activities in connection with the syndication of the credit facilities provided for herein as well as activities as Administrative Agent. The Administrative Agent shall not be responsible for the negligence or misconduct of any sub-agents except to the extent that a court of competent jurisdiction

determines in a final and non-appealable judgment that the Administrative Agent acted with gross negligence or willful misconduct in the selection of such sub-agents.

**9.06 Resignation of Administrative Agent.** The Administrative Agent may at any time give notice of its resignation to the Lenders, the L/C Issuer and the Borrower. Upon receipt of any such notice of resignation, the Required Lenders shall have the right, in consultation with the Borrower, to appoint a successor, which shall be a bank with an office in the United States, or an Affiliate of any such bank with an office in the United States. If no such successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within 30 days after the retiring Administrative Agent gives notice of its resignation, then the retiring Administrative Agent may on behalf of the Lenders and the L/C Issuer, appoint a successor Administrative Agent meeting the qualifications set forth above; provided that if the Administrative Agent shall notify the Borrower and the Lenders that no qualifying Person has accepted such appointment, then such resignation shall nonetheless become effective in accordance with such notice and (1) the retiring Administrative Agent shall be discharged from its duties and obligations hereunder and under the other Loan Documents and (2) all payments, communications and determinations provided to be made by, to or through the Administrative Agent shall instead be made by or to each Lender and the L/C Issuer directly, until such time as the Required Lenders appoint a successor Administrative Agent as provided for above in this Section. Upon the acceptance of a successor's appointment as Administrative Agent hereunder, such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring (or retired) Administrative Agent, and the retiring Administrative Agent shall be discharged from all of its duties and obligations hereunder or under the other Loan Documents (if not already discharged therefrom as provided above in this Section). The fees payable by the Borrower to a successor Administrative Agent shall be the same as those payable to its predecessor unless otherwise agreed between the Borrower and such successor. After the retiring Administrative Agent's resignation hereunder and under the other Loan Documents, the provisions of this Article and Section 10.04 shall continue in effect for the benefit of such retiring Administrative Agent, its sub-agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while the retiring Administrative Agent was acting as Administrative Agent.

**9.07 Non-Reliance on Administrative Agent and Other Lenders.** Each Lender and the L/C Issuer acknowledges that it has, independently and without reliance upon the Administrative Agent or any other Lender or any of their Related Parties and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender and the L/C Issuer also acknowledges that it will, independently and without reliance upon the Administrative Agent or any other Lender or any of their Related Parties and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any other Loan Document or any related agreement or any document furnished hereunder or thereunder.

**9.08 No Other Duties, Etc.** Anything herein to the contrary notwithstanding, no Arrangers listed on the cover page hereof shall have any powers, duties or responsibilities under this Agreement or any of the other Loan Documents, except in its capacity, as applicable, as the Administrative Agent, a Lender or the L/C Issuer hereunder.

**9.09 Administrative Agent May File Proofs of Claim.** In case of the pendency of any proceeding under any Debtor Relief Law or any other judicial proceeding relative to any Loan Party, the Administrative Agent (irrespective of whether the principal of any Loan or L/C Obligation shall then be due and payable as herein expressed or by declaration or otherwise and irrespective of whether the Administrative Agent shall have made any demand on the Borrower) shall be entitled and empowered, by intervention in such proceeding or otherwise:

(a) to file and prove a claim for the whole amount of the principal and interest owing and unpaid in respect of the Loans, L/C Obligations and all other Obligations that are owing and unpaid and to file such other documents as may be necessary or advisable in order to have the claims of the Lenders, the L/C Issuer and the Administrative Agent (including any claim for the reasonable compensation, expenses, disbursements and advances of the Lenders, the L/C Issuer and the Administrative Agent and their respective agents and counsel and all other amounts due the Lenders, the L/C Issuer and the Administrative Agent under Sections 2.04(h) and (i), 2.10 and 10.04) allowed in such judicial proceeding; and

(b) to collect and receive any monies or other property payable or deliverable on any such claims and to distribute the same;

and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Lender and the L/C Issuer to make such payments to the Administrative Agent and, in the event that the Administrative Agent shall consent to the making of such payments directly to the Lenders and the L/C Issuer, to pay to the Administrative Agent any amount due for the reasonable compensation, expenses, disbursements and advances of the Administrative Agent and its agents and counsel, and any other amounts due the Administrative Agent under Sections 2.10 and 10.04.

Nothing contained herein shall be deemed to authorize the Administrative Agent to authorize or consent to or accept or adopt on behalf of any Lender or the L/C Issuer any plan of reorganization, arrangement, adjustment or composition affecting the Obligations or the rights of any Lender or the L/C Issuer to authorize the Administrative Agent to vote in respect of the claim of any Lender or the L/C Issuer in any such proceeding.

#### **9.10 Guaranty Matters.**

(a) A Guarantor shall automatically be released from its obligations under the Guaranty if such Guarantor (i) ceases to be a Restricted Subsidiary or (ii) becomes an Excluded Subsidiary, in each case as a result of a transaction permitted hereunder; *provided that*, notwithstanding the foregoing, no Guarantor shall be released from its obligations under the Guaranty as a result of becoming an Excluded Subsidiary solely because such Subsidiary is no longer a wholly-owned Subsidiary of the Borrower unless such Subsidiary became a non-wholly owned Subsidiary pursuant to a permitted transaction with a Person that is not an Affiliate of the Borrower for a bona fide business purpose as determined by the Borrower in good faith (other than to release such Subsidiary from its obligations under the Guaranty).

(b) At such time as all Commitments have expired or terminated, all Obligations hereunder and under the other Loan Documents have been paid in full (other than contingent or indemnification obligations which survive the termination of this Agreement) and all Letters of Credit have been terminated (or cash collateralized or backstopped in a manner reasonably satisfactory to the applicable L/C Issuer), the Guaranty and all obligations of each Guarantor thereunder shall automatically terminate, all without delivery of any instrument or performance of any act by any Person.

(c) In connection with any such termination or release pursuant to this Section 9.10, the Administrative Agent shall (and the Lenders and the L/C Issuers irrevocably authorize the Administrative Agent to) execute and deliver to any Loan Party, at such Loan Party's expense, all documents that such Loan Party shall reasonably request to evidence such termination or release. Any execution and delivery of documents pursuant to this Section 9.10 shall be without recourse to or warranty by the Administrative Agent. Upon request by the Administrative Agent at any time, the Required Lenders will confirm in

writing the Administrative Agent's authority to release any Guarantor from its obligations under the Guaranty pursuant to this Section 9.10.

**9.11 Syndication Agents.** None of the Lenders identified in this Agreement as a Syndication Agent shall have any right, power, obligation, liability, responsibility or duty under this Agreement other than those applicable to all Lenders as such. Without limiting the foregoing, none of such Lenders shall have or be deemed to have a fiduciary relationship with any Lender. Each Lender hereby makes the same acknowledgments with respect to such Lenders as it makes with respect to the Administrative Agent in Section 9.07.

**9.12 Certain ERISA Matters.**

(a) Each Lender (x) represents and warrants, as of the date such Person became a Lender party hereto, to, and (y) covenants, from the date such Person became a Lender party hereto to the date such Person ceases being a Lender party hereto, for the benefit of, the Administrative Agent and the Arrangers and their respective Affiliates, and not, for the avoidance of doubt, to or for the benefit of the Borrower or any other Loan Party, that at least one of the following is and will be true:

(i) such Lender is not using "plan assets" (within the meaning of Section 3(42) of ERISA or otherwise) of one or more Benefit Plans with respect to such Lender's entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments or this Agreement,

(ii) the transaction exemption set forth in one or more PTEs, such as PTE 84-14 (a class exemption for certain transactions determined by independent qualified professional asset managers), PTE 95-60 (a class exemption for certain transactions involving insurance company general accounts), PTE 90-1 (a class exemption for certain transactions involving insurance company pooled separate accounts), PTE 91-38 (a class exemption for certain transactions involving bank collective investment funds) or PTE 96-23 (a class exemption for certain transactions determined by in-house asset managers), is applicable with respect to such Lender's entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments and this Agreement,

(iii) (A) such Lender is an investment fund managed by a "Qualified Professional Asset Manager" (within the meaning of Part VI of PTE 84-14), (B) such Qualified Professional Asset Manager made the investment decision on behalf of such Lender to enter into, participate in, administer and perform the Loans, the Letters of Credit, the Commitments and this Agreement, (C) the entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments and this Agreement satisfies the requirements of sub-sections (b) through (g) of Part I of PTE 84-14 and (D) to the best knowledge of such Lender, the requirements of subsection (a) of Part I of PTE 84-14 are satisfied with respect to such Lender's entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments and this Agreement, or

(iv) such other representation, warranty and covenant as may be agreed in writing between the Administrative Agent, in its sole discretion, and such Lender.

(b) In addition, unless either (1) sub-clause (i) in the immediately preceding clause (a) is true with respect to a Lender or (2) a Lender has provided another representation, warranty and covenant in accordance with sub-clause (iv) in the immediately preceding clause (a), such Lender further (x) represents and warrants, as of the date such Person became a Lender party hereto, to, and (y) covenants,

from the date such Person became a Lender party hereto to the date such Person ceases being a Lender party hereto, for the benefit of, the Administrative Agent and the Arrangers and their respective Affiliates and not, for the avoidance of doubt, to or for the benefit of the Borrower or any other Loan Party, that the Administrative Agent is not a fiduciary with respect to the assets of such Lender involved in such Lender's entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments and this Agreement (including in connection with the reservation or exercise of any rights by the Administrative Agent under this Agreement, any Loan Document or any documents related hereto or thereto).

### **9.13 Erroneous Payments.**

(a) Each Lender, each L/C Issuer and any other party hereto hereby severally agrees that if (i) the Administrative Agent notifies (which such notice shall be conclusive absent manifest error) such Lender or L/C Issuer (Affiliate thereof) or any other Person that has received funds from the Administrative Agent or any of its Affiliates, either for its own account or on behalf of a Lender or L/C Issuer (each such recipient, a "Payment Recipient") that the Administrative Agent has determined in its sole discretion that any funds received by such Payment Recipient were erroneously transmitted to, or otherwise erroneously or mistakenly received by, such Payment Recipient (whether or not known to such Payment Recipient) or (ii) any Payment Recipient receives any payment from the Administrative Agent (or any of its Affiliates) (x) that is in a different amount than, or on a different date from, that specified in a notice of payment, prepayment or repayment sent by the Administrative Agent (or any of its Affiliates) with respect to such payment, prepayment or repayment, as applicable, (y) that was not preceded or accompanied by a notice of payment, prepayment or repayment sent by the Administrative Agent (or any of its Affiliates) with respect to such payment, prepayment or repayment, as applicable, or (z) that such Payment Recipient otherwise becomes aware was transmitted or received in error or by mistake (in whole or in part) then, in each case, an error in payment shall be presumed to have been made (any such amounts specified in clauses (i) or (ii) of this Section 9.13, whether received as a payment, prepayment or repayment of principal, interest, fees, distribution or otherwise; individually and collectively, an "Erroneous Payment"), then, in each case, such Payment Recipient is deemed to have knowledge of such error at the time of its receipt of such Erroneous Payment; provided that nothing in this Section shall require the Administrative Agent to provide any of the notices specified in clauses (i) or (ii) above. Each Payment Recipient agrees that it shall not assert any right or claim to any Erroneous Payment, and hereby waives any claim, counterclaim, defense or right of set-off or recoupment with respect to any demand, claim or counterclaim by the Administrative Agent for the return of any Erroneous Payments, including without limitation waiver of any defense based on "discharge for value" or any similar doctrine.

(b) Without limiting the immediately preceding clause (a), each Payment Recipient agrees that, in the case of clause (a)(ii) above, it shall promptly notify the Administrative Agent in writing of such occurrence.

(c) In the case of either clause (a)(i) or (a)(ii) above, such Erroneous Payment shall at all times remain the property of the Administrative Agent and shall be segregated by the Payment Recipient and held in trust for the benefit of the Administrative Agent, and upon demand from the Administrative Agent such Payment Recipient shall (or, shall cause any Person who received any portion of an Erroneous Payment on its behalf to), promptly, but in all events no later than two Business Days thereafter, return to the Administrative Agent the amount of any such Erroneous Payment (or portion thereof) as to which such a demand was made in same day funds and in the currency so received, together with interest thereon in respect of each day from and including the date such Erroneous Payment (or portion thereof) was received by such Payment Recipient to the date such amount is repaid to the Administrative Agent at the Overnight Rate.

(d) In the event that an Erroneous Payment (or portion thereof) is not recovered by the Administrative Agent for any reason, after demand therefor by the Administrative Agent in accordance with immediately preceding clause (c), from any Lender that is a Payment Recipient or an Affiliate of a Payment Recipient (such unrecovered amount as to such Lender, an “Erroneous Payment Return Deficiency”), then at the sole discretion of the Administrative Agent and upon the Administrative Agent’s written notice to such Lender (i) such Lender shall be deemed to have made a cashless assignment of the full face amount of the portion of its Loans (but not its Commitments) with respect to which such Erroneous Payment was made (the “Erroneous Payment Impacted Class”) to the Administrative Agent or, at the option of the Administrative Agent, the Administrative Agent’s applicable lending affiliate in an amount that is equal to the Erroneous Payment Return Deficiency (or such lesser amount as the Administrative Agent may specify) (such assignment of the Loans (but not Commitments) of the Erroneous Payment Impacted Class, the “Erroneous Payment Deficiency Assignment”) plus any accrued and unpaid interest on such assigned amount, without further consent or approval of any party hereto and without any payment by the Administrative Agent or its applicable lending affiliate as the assignee of such Erroneous Payment Deficiency Assignment. The parties hereto acknowledge and agree that (1) any assignment contemplated in this clause (d) shall be made without any requirement for any payment or other consideration paid by the applicable assignee or received by the assignor, (2) the provisions of this clause (d) shall govern in the event of any conflict with the terms and conditions of Section 10.06 and (3) the Administrative Agent may reflect such assignments in the Register without further consent or action by any other Person.

(e) Each party hereto hereby agrees that (x) in the event an Erroneous Payment (or portion thereof) is not recovered from any Payment Recipient that has received such Erroneous Payment (or portion thereof) for any reason, the Administrative Agent (1) shall be subrogated to all the rights of such Payment Recipient with respect to such amount and (2) is authorized to set off, net and apply any and all amounts at any time owing to such Payment Recipient under any Loan Document, or otherwise payable or distributable by the Administrative Agent to such Payment Recipient from any source, against any amount due to the Administrative Agent under this Section 9.13 or under the indemnification provisions of this Agreement, (y) the receipt of an Erroneous Payment by a Payment Recipient shall not for the purpose of this Agreement be treated as a payment, prepayment, repayment, discharge or other satisfaction of any Obligations, except, in each case, to the extent such Erroneous Payment is, and solely with respect to the amount of such Erroneous Payment that is, comprised of funds received by the Administrative Agent from, or on behalf of (including the exercise of remedies under any Loan Document), the Borrower for the purpose of making a payment on the Obligations and (z) to the extent that an Erroneous Payment was in any way or at any time credited as payment or satisfaction of any of the Obligations, the Obligations or any part thereof that were so credited, and all rights of the Payment Recipient, as the case may be, shall be reinstated and continue in full force and effect as if such payment or satisfaction had never been received, except, in each case, to the extent such Erroneous Payment is, and solely with respect to the amount of such Erroneous Payment that is, comprised of funds received by the Administrative Agent from, or on behalf of (including the exercise of remedies under any Loan Document), the Borrower for the purpose of making a payment on the Obligations; provided that this Section 9.13 shall not be interpreted to increase (or accelerate the due date for), or have the effect of increasing (or accelerating the due date for), the Obligations of the Borrower relative to the amount (or timing for payment) of the Obligations that would have been payable had such Erroneous Payment not been made by the Administrative Agent.

(f) Each party’s obligations under this Section 9.13 shall survive the resignation or replacement of the Administrative Agent or any transfer of right or obligations by, or the replacement of, a Lender, the termination of the Commitments or the repayment, satisfaction or discharge of all Obligations (or any portion thereof) under any Loan Document.

(g) Nothing in this Section 9.13 will constitute a waiver or release of any claim of the Administrative Agent hereunder arising from any Payment Recipient's receipt of an Erroneous Payment.

## ARTICLE X. MISCELLANEOUS

**10.01 Amendments, Etc.** Subject to Section 2.16(e) and Section 3.03(c), no amendment or waiver of any provision of this Agreement or any other Loan Document, and no consent to any departure by the Borrower or any other Loan Party therefrom, shall be effective unless in writing signed by the Required Lenders and the Borrower or the applicable Loan Party, as the case may be, and acknowledged by the Administrative Agent, and each such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided, however, that no such amendment, waiver or consent shall:

- (a) waive any condition set forth in Section 4.01(a) without the written consent of each Lender;
- (b) extend or increase the Commitment of any Lender (or reinstate any Commitment terminated pursuant to Section 8.02) without the written consent of such Lender;
- (c) postpone any date fixed by this Agreement or any other Loan Document for any payment of principal, interest, fees or other amounts due to the Lenders (or any of them) hereunder or under any other Loan Document without the written consent of each Lender directly affected thereby;
- (d) reduce the principal of, or the rate of interest specified herein on, any Loan or L/C Borrowing, or (subject to clause (iv) of the second proviso to this Section 10.01) any fees or other amounts payable hereunder or under any other Loan Document without the written consent of each Lender directly affected thereby; provided, however, that only the consent of the Required Lenders shall be necessary (i) to amend the definition of "Default Rate" or to waive any obligation of the Borrower to pay interest or Letter of Credit Fees at the Default Rate or (ii) to amend any financial covenant hereunder (or any defined term used therein) even if the effect of such amendment would be to reduce the rate of interest on any Loan or L/C Borrowing or to reduce any fee payable hereunder;
- (e) change Section 8.03 in a manner that would alter the pro rata sharing of payments required thereby without the written consent of each Lender;
- (f) change any provision of this Section or the definition of "Required Lenders" or any other provision hereof specifying the number or percentage of Lenders required to amend, waive or otherwise modify any rights hereunder or make any determination or grant any consent hereunder, without the written consent of each Lender; or
- (g) except in accordance with Section 9.10, release all or substantially all of the value of the Guaranty without the written consent of each Lender;

and, provided further, that (i) no amendment, waiver or consent shall, unless in writing and signed by the L/C Issuer in addition to the Lenders required above, affect the rights or duties of the L/C Issuer under this Agreement or any Issuer Document relating to any Letter of Credit issued or to be issued by it; (ii) no amendment, waiver or consent shall, unless in writing and signed by the Swing Line Lender in addition to the Lenders required above, affect the rights or duties of the Swing Line Lender under this Agreement; (iii) no amendment, waiver or consent shall, unless in writing and signed by the Administrative Agent in addition to the Lenders required above, affect the rights or duties of the Administrative Agent under this Agreement or any other Loan Document; and (iv) the Fee Letter may be amended, or rights or privileges

thereunder waived, in a writing executed only by the parties thereto. Notwithstanding anything to the contrary herein, no Defaulting Lender shall have any right to approve or disapprove any amendment, waiver or consent hereunder (and any amendment, waiver or consent which by its terms requires the consent of all Lenders or each affected Lender may be effected with the consent of the applicable Lenders other than Defaulting Lenders), except that (x) the Commitment of any Defaulting Lender may not be increased or extended without the consent of such Lender and (y) any waiver, amendment or modification requiring the consent of all Lenders or each affected Lender that by its terms affects any Defaulting Lender more adversely than other affected Lenders shall require the consent of such Defaulting Lender.

#### **10.02 Notices; Effectiveness; Electronic Communication.**

(a) Notices Generally. Except in the case of notices and other communications expressly permitted to be given by telephone (and except as provided in subsection (b) below), all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by facsimile or electronic mail as follows, and all notices and other communications expressly permitted hereunder to be given by telephone shall be made to the applicable telephone number, as follows:

(i) if to the Borrower, the Administrative Agent, the L/C Issuer or the Swing Line Lender, to the address, telecopier number, electronic mail address or telephone number specified for such Person on Schedule 10.02; and

(ii) if to any other Lender, to the address, telecopier number, electronic mail address or telephone number specified in its Administrative Questionnaire (including, as appropriate, notices delivered solely to the Person designated by a Lender on its Administrative Questionnaire then in effect for the delivery of notices that may contain material non-public information relating to the Borrower).

Notices and other communications sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received; notices and other communications sent by telecopier shall be deemed to have been given when sent (except that, if not given during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next business day for the recipient). Notices and other communications delivered through electronic communications to the extent provided in subsection (b) below, shall be effective as provided in such subsection (b).

(b) Electronic Communications. Notices and other communications to the Lenders and the L/C Issuer hereunder may be delivered or furnished by electronic communication (including e-mail and internet or intranet websites including IntraLinks or another similar electronic system (the “Platform”)) pursuant to procedures approved by the Administrative Agent, provided that the foregoing shall not apply to notices to any Lender or the L/C Issuer pursuant to Article II if such Lender or the L/C Issuer, as applicable, has notified the Administrative Agent that it is incapable of receiving notices under such Article by electronic communication. The Administrative Agent or the Borrower may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it, provided that approval of such procedures may be limited to particular notices or communications.

Unless the Administrative Agent otherwise prescribes, (i) notices and other communications sent to an e-mail address shall be deemed received upon the sender’s receipt of an acknowledgement from the intended recipient (such as by the “return receipt requested” function, as available, return e-mail or other

written acknowledgement), provided that if such notice or other communication is not sent during the normal business hours of the recipient, such notice or communication shall be deemed to have been sent at the opening of business on the next business day for the recipient, and (ii) notices or communications posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient at its e-mail address as described in the foregoing clause (i) of notification that such notice or communication is available and identifying the website address therefor.

(c) The Platform. THE PLATFORM IS PROVIDED “AS IS” AND “AS AVAILABLE.” THE AGENT PARTIES (AS DEFINED BELOW) DO NOT WARRANT THE ACCURACY OR COMPLETENESS OF THE BORROWER MATERIALS OR THE ADEQUACY OF THE PLATFORM, AND EXPRESSLY DISCLAIM LIABILITY FOR ERRORS IN OR OMISSIONS FROM THE BORROWER MATERIALS. NO WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR STATUTORY, INCLUDING ANY WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT OF THIRD PARTY RIGHTS OR FREEDOM FROM VIRUSES OR OTHER CODE DEFECTS, IS MADE BY ANY AGENT PARTY IN CONNECTION WITH THE BORROWER MATERIALS OR THE PLATFORM. In no event shall the Administrative Agent or any of its Related Parties (collectively, the “Agent Parties”) have any liability to the Borrower, any Lender, the L/C Issuer or any other Person for losses, claims, damages, liabilities or expenses of any kind (whether in tort, contract or otherwise) arising out of the Borrower’s or the Administrative Agent’s transmission of Borrower Materials through the internet, except to the extent that such losses, claims, damages, liabilities or expenses are determined by a court of competent jurisdiction by a final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Agent Party; provided, however, that in no event shall any Agent Party have any liability to the Borrower, any Lender, the L/C Issuer or any other Person for indirect, special, incidental, consequential or punitive damages (as opposed to direct or actual damages).

(d) Change of Address, Etc. Each of the Borrower, the Administrative Agent, the L/C Issuer and the Swing Line Lender may change its address, telecopier or telephone number for notices and other communications hereunder by notice to the other parties hereto. Each other Lender may change its address, telecopier or telephone number for notices and other communications hereunder by notice to the Borrower, the Administrative Agent, the L/C Issuer and the Swing Line Lender. In addition, each Lender agrees to notify the Administrative Agent from time to time to ensure that the Administrative Agent has on record (i) an effective address, contact name, telephone number, telecopier number and electronic mail address to which notices and other communications may be sent and (ii) accurate wire instructions for such Lender. Furthermore, each Public Lender agrees to cause at least one individual at or on behalf of such Public Lender to at all times have selected the “Private Side Information” or similar designation on the content declaration screen of the Platform in order to enable such Public Lender or its delegate, in accordance with such Public Lender’s compliance procedures and Applicable Law, including United States federal and state securities Laws, to make reference to Borrower Materials that are not made available through the “Public Side Information” portion of the Platform and that may contain material non-public information with respect to the Borrower or its securities for purposes of United States federal or state securities laws.

(e) Reliance by Administrative Agent, L/C Issuer and Lenders. The Administrative Agent, the L/C Issuer and the Lenders shall be entitled to rely and act upon any notices (including telephonic Committed Loan Notices and Swing Line Loan Notices) purportedly given by or on behalf of the Borrower even if (i) such notices were not made in a manner specified herein, were incomplete or were not preceded or followed by any other form of notice specified herein, or (ii) the terms thereof, as understood by the recipient, varied from any confirmation thereof. The Borrower shall indemnify the Administrative Agent, the L/C Issuer, each Lender and the Related Parties of each of them from all losses, costs, expenses and liabilities resulting from the reliance by such Person on each notice

purportedly given by or on behalf of the Borrower. All telephonic notices to and other telephonic communications with the Administrative Agent may be recorded by the Administrative Agent, and each of the parties hereto hereby consents to such recording.

**10.03 No Waiver; Cumulative Remedies; Enforcement.** No failure by any Lender, the L/C Issuer or the Administrative Agent to exercise, and no delay by any such Person in exercising, any right, remedy, power or privilege hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges herein provided are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law.

Notwithstanding anything to the contrary contained herein or in any other Loan Document, the authority to enforce rights and remedies hereunder and under the other Loan Documents against the Loan Parties or any of them shall be vested exclusively in, and all actions and proceedings at law in connection with such enforcement shall be instituted and maintained exclusively by, the Administrative Agent in accordance with Section 8.02 for the benefit of all the Lenders and the L/C Issuer; provided, however, that the foregoing shall not prohibit (a) the Administrative Agent from exercising on its own behalf the rights and remedies that inure to its benefit (solely in its capacity as Administrative Agent) hereunder and under the other Loan Documents, (b) the L/C Issuer or the Swing Line Lender from exercising the rights and remedies that inure to its benefit (solely in its capacity as L/C Issuer or Swing Line Lender, as the case may be) hereunder and under the other Loan Documents, (c) any Lender from exercising setoff rights in accordance with Section 10.08 (subject to the terms of Section 2.14), or (d) any Lender from filing proofs of claim or appearing and filing pleadings on its own behalf during the pendency of a proceeding relative to any Loan Party under any Debtor Relief Law; and provided, further, that if at any time there is no Person acting as Administrative Agent hereunder and under the other Loan Documents, then (i) the Required Lenders shall have the rights otherwise ascribed to the Administrative Agent pursuant to Section 8.02 and (ii) in addition to the matters set forth in clauses (b), (c) and (d) of the preceding proviso and subject to Section 2.14, any Lender may, with the consent of the Required Lenders, enforce any rights and remedies available to it and as authorized by the Required Lenders.

**10.04 Expenses; Indemnity; Damage Waiver.**

(a) Costs and Expenses. The Borrower shall pay (i) all reasonable out-of-pocket expenses incurred by the Administrative Agent and its Affiliates (including the reasonable fees, charges and disbursements of counsel for the Administrative Agent), in connection with the syndication of the credit facilities provided for herein, the preparation, negotiation, execution, delivery and administration of this Agreement and the other Loan Documents or any amendments, modifications or waivers of the provisions hereof or thereof (whether or not the transactions contemplated hereby or thereby shall be consummated), (ii) all reasonable out-of-pocket expenses incurred by the L/C Issuer in connection with the issuance, amendment, renewal or extension of any Letter of Credit or any demand for payment thereunder and (iii) all reasonable out-of-pocket expenses incurred by the Administrative Agent, any Lender or the L/C Issuer (including the reasonable fees, charges and disbursements of any counsel for the Administrative Agent, any Lender or the L/C Issuer), and shall pay all fees and time charges for attorneys who may be employees of the Administrative Agent, any Lender or the L/C Issuer, in connection with the enforcement or protection of its rights (A) in connection with this Agreement and the other Loan Documents, including its rights under this Section, or (B) in connection with the Loans made or Letters of Credit issued hereunder, including all such out-of-pocket expenses incurred during any workout, restructuring or negotiations in respect of such Loans or Letters of Credit.

(b) Indemnification by the Borrower. The Borrower shall indemnify the Administrative Agent (and any sub-agent thereof), each Lender and the L/C Issuer, and each Related Party of any of the foregoing Persons (each such Person being called an “Indemnatee”) against, and hold each Indemnatee harmless from, any and all losses, claims, damages, liabilities and related expenses (including the reasonable fees, charges and disbursements of any counsel for any Indemnatee), incurred by any Indemnatee or asserted against any Indemnatee by any third party or by the Borrower or any other Loan Party arising out of, in connection with, or as a result of (i) the execution or delivery of this Agreement, any other Loan Document or any agreement or instrument contemplated hereby or thereby, the performance by the parties hereto of their respective obligations hereunder or thereunder, the consummation of the transactions contemplated hereby or thereby, or, in the case of the Administrative Agent (and any sub-agent thereof) and its Related Parties only, the administration of this Agreement and the other Loan Documents (including in respect of any matters addressed in Section 3.01), (ii) any Loan or Letter of Credit or the use or proposed use of the proceeds therefrom (including any refusal by the L/C Issuer to honor a demand for payment under a Letter of Credit if the documents presented in connection with such demand do not strictly comply with the terms of such Letter of Credit), (iii) any actual or alleged presence or release of Hazardous Materials on or from any property owned or operated by the Borrower or any of its Subsidiaries, or any Environmental Liability related in any way to the Borrower or any of its Subsidiaries, or (iv) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory, whether brought by a third party or by the Borrower or any other Loan Party, and regardless of whether any Indemnatee is a party thereto; provided that such indemnity shall not, as to any Indemnatee, be available to the extent that such losses, claims, damages, liabilities or related expenses (x) are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnatee or (y) result from a claim brought by the Borrower or any other Loan Party against an Indemnatee for breach in bad faith of such Indemnatee’s obligations hereunder or under any other Loan Document, if the Borrower or such other Loan Party has obtained a final and nonappealable judgment in its favor on such claim as determined by a court of competent jurisdiction.

(c) Reimbursement by Lenders. To the extent that the Borrower for any reason fails to indefeasibly pay any amount required under subsection (a) or (b) of this Section to be paid by it to the Administrative Agent (or any sub-agent thereof), the L/C Issuer or any Related Party of any of the foregoing, each Lender severally agrees to pay to the Administrative Agent (or any such sub-agent), the L/C Issuer or such Related Party, as the case may be, such Lender’s Applicable Percentage (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought) of such unpaid amount, provided that the unreimbursed expense or indemnified loss, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against the Administrative Agent (or any such sub-agent) or the L/C Issuer in its capacity as such, or against any Related Party of any of the foregoing acting for the Administrative Agent (or any such sub-agent) or L/C Issuer in connection with such capacity. The obligations of the Lenders under this subsection (c) are subject to the provisions of Section 2.13(d).

(d) Waiver of Consequential Damages, Etc. To the fullest extent permitted by applicable law, the Borrower shall not assert, and hereby waives, any claim against any Indemnatee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any other Loan Document or any agreement or instrument contemplated hereby, the transactions contemplated hereby or thereby, any Loan or Letter of Credit or the use of the proceeds thereof. No Indemnatee referred to in subsection (b) above shall be liable for any damages arising from the use by unintended recipients of any information or other materials distributed to such unintended recipients by such Indemnatee through telecommunications, electronic or other information transmission systems in connection with this Agreement or the other Loan Documents or the transactions contemplated hereby or thereby other than

for direct or actual damages resulting from the gross negligence or willful misconduct of such Indemnitee as determined by a final and nonappealable judgment of a court of competent jurisdiction.

(e) Payments. All amounts due under this Section shall be payable not later than ten Business Days after demand therefor.

(f) Survival. The agreements in this Section shall survive the resignation of the Administrative Agent, the L/C Issuer and the Swing Line Lender, the replacement of any Lender, the termination of the Aggregate Commitments and the repayment, satisfaction or discharge of all the other Obligations.

**10.05 Payments Set Aside.** To the extent that any payment by or on behalf of the Borrower is made to the Administrative Agent, the L/C Issuer or any Lender, or the Administrative Agent, the L/C Issuer or any Lender exercises its right of setoff, and such payment or the proceeds of such setoff or any part thereof is subsequently invalidated, declared to be fraudulent or preferential, set aside or required (including pursuant to any settlement entered into by the Administrative Agent, the L/C Issuer or such Lender in its discretion) to be repaid to a trustee, receiver or any other party, in connection with any proceeding under any Debtor Relief Law or otherwise, then (a) to the extent of such recovery, the obligation or part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been made or such setoff had not occurred, and (b) each Lender and the L/C Issuer severally agrees to pay to the Administrative Agent upon demand its applicable share (without duplication) of any amount so recovered from or repaid by the Administrative Agent, plus interest thereon from the date of such demand to the date such payment is made at a rate per annum equal to the Federal Funds Rate from time to time in effect. The obligations of the Lenders and the L/C Issuer under clause (b) of the preceding sentence shall survive the payment in full of the Obligations and the termination of this Agreement.

**10.06 Successors and Assigns.**

(a) Successors and Assigns Generally. The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that neither the Borrower nor any other Loan Party may assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of the Administrative Agent and each Lender and no Lender may assign or otherwise transfer any of its rights or obligations hereunder except (i) to an assignee in accordance with the provisions of subsection (b) of this Section, (ii) by way of participation in accordance with the provisions of subsection (d) of this Section, or (iii) by way of pledge or assignment of a security interest subject to the restrictions of subsection (f) of this Section (and any other attempted assignment or transfer by any party hereto shall be null and void). Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby, Participants to the extent provided in subsection (d) of this Section and, to the extent expressly contemplated hereby, the Related Parties of each of the Administrative Agent, the L/C Issuer and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) Assignments by Lenders. Any Lender may at any time assign to one or more assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans (including for purposes of this subsection (b), participations in L/C Obligations and in Swing Line Loans) at the time owing to it); provided that any such assignment shall be subject to the following conditions:

(i) Minimum Amounts.

(A) in the case of an assignment of the entire remaining amount of the assigning Lender's Commitment and the Loans at the time owing to it or in the case of an assignment to a Lender, an Affiliate of a Lender or an Approved Fund, no minimum amount need be assigned; and

(B) in any case not described in subsection (b)(i)(A) of this Section, the aggregate amount of the Commitment (which for this purpose includes Loans outstanding thereunder) or, if the Commitment is not then in effect, the principal outstanding balance of the Loans of the assigning Lender subject to each such assignment, determined as of the date the Assignment and Assumption with respect to such assignment is delivered to the Administrative Agent or, if "Trade Date" is specified in the Assignment and Assumption, as of the Trade Date, shall not be less than \$5,000,000 unless each of the Administrative Agent and, so long as no Event of Default has occurred and is continuing, the Borrower otherwise consents (each such consent not to be unreasonably withheld or delayed); provided, however, that concurrent assignments to members of an Assignee Group and concurrent assignments from members of an Assignee Group to a single Eligible Assignee (or to an Eligible Assignee and members of its Assignee Group) will be treated as a single assignment for purposes of determining whether such minimum amount has been met.

(ii) Proportionate Amounts. Each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement with respect to the Loans or the Commitment assigned, except that this clause (ii) shall not apply to rights in respect of the Swing Line Lender's rights and obligations in respect of Swing Line Loans;

(iii) Required Consents. No consent shall be required for any assignment except to the extent required by subsection (b)(i)(B) of this Section and, in addition:

(A) the consent of the Borrower (such consent not to be unreasonably withheld) shall be required unless (1) an Event of Default has occurred and is continuing at the time of such assignment or (2) such assignment is to a Lender, an Affiliate of a Lender or an Approved Fund; provided that the Borrower shall be deemed to have consented to any such assignment unless it shall object thereto by written notice to the Administrative Agent within five (5) Business Days after having received notice thereof;

(B) the consent of the Administrative Agent (such consent not to be unreasonably withheld or delayed) shall be required if such assignment is to a Person that is not a Lender, an Affiliate of such Lender or an Approved Fund with respect to such Lender;

(C) the consent of the L/C Issuer (such consent not to be unreasonably withheld or delayed) shall be required for any assignment that increases the obligation of the assignee to participate in exposure under one or more Letters of Credit (whether or not then outstanding); and

(D) the consent of the Swing Line Lender (such consent not to be unreasonably withheld or delayed) shall be required for any assignment.

(iv) Assignment and Assumption. The parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Assumption, together with a processing and recordation fee in the amount of \$3,500; provided, however, that the Administrative Agent may, in its sole discretion, elect to waive such processing and recordation fee in the case of any assignment. The assignee, if it is not a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire.

(v) No Assignment to Certain Persons. No such assignment shall be made (A) to the Borrower or any of the Borrower's Affiliates or Subsidiaries, or (B) to any Defaulting Lender or any of its Subsidiaries, or any Person who, upon becoming a Lender hereunder, would constitute any of the foregoing Persons described in this clause (B), or (C) to a natural person.

(vi) Certain Additional Payments. In connection with any assignment of rights and obligations of any Defaulting Lender hereunder, no such assignment shall be effective unless and until, in addition to the other conditions thereto set forth herein, the parties to the assignment shall make such additional payments to the Administrative Agent in an aggregate amount sufficient, upon distribution thereof as appropriate (which may be outright payment, purchases by the assignee of participations or subparticipations, or other compensating actions, including funding, with the consent of the Borrower and the Administrative Agent, the applicable pro rata share of Loans previously requested but not funded by the Defaulting Lender, to each of which the applicable assignee and assignor hereby irrevocably consent), to (x) pay and satisfy in full all payment liabilities then owed by such Defaulting Lender to the Administrative Agent or any Lender hereunder (and interest accrued thereon) and (y) acquire (and fund as appropriate) its full pro rata share of all Loans and participations in Letters of Credit and Swing Line Loans in accordance with its Applicable Percentage. Notwithstanding the foregoing, in the event that any assignment of rights and obligations of any Defaulting Lender hereunder shall become effective under applicable Law without compliance with the provisions of this paragraph, then the assignee of such interest shall be deemed to be a Defaulting Lender for all purposes of this Agreement until such compliance occurs.

Subject to acceptance and recording thereof by the Administrative Agent pursuant to subsection (c) of this Section, from and after the effective date specified in each Assignment and Assumption, the assignee thereunder shall be a party to this Agreement and, to the extent of the interest assigned by such Assignment and Assumption, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto) but shall continue to be entitled to the benefits of Sections 3.01, 3.04, 3.05, and 10.04 with respect to facts and circumstances occurring prior to the effective date of such assignment. Upon request, the Borrower (at its expense) shall execute and deliver a Note to the assignee Lender. Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this subsection shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with subsection (d) of this Section.

(c) Register. The Administrative Agent, acting solely for this purpose as an agent of the Borrower (and such agency being solely for tax purposes), shall maintain at the Administrative Agent's Office a copy of each Assignment and Assumption delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitments of, and principal amounts (and stated interest) of the Loans and L/C Obligations owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive absent manifest error, and the Borrower, the Administrative Agent and the Lenders may treat each Person whose name is recorded in the Register

pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. In addition, the Administrative Agent shall maintain on the Register information regarding the designation, and revocation of designation, of any Lender as a Defaulting Lender. The Register shall be available for inspection by the Borrower and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

(d) Participations. Any Lender may at any time, without the consent of, or notice to, the Borrower or the Administrative Agent, sell participations to any Person (other than a natural person, a Defaulting Lender or the Borrower or any of the Borrower's Affiliates or Subsidiaries) (each, a "Participant") in all or a portion of such Lender's rights and/or obligations under this Agreement (including all or a portion of its Commitment and/or the Loans (including such Lender's participations in L/C Obligations and/or Swing Line Loans) owing to it); provided that (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (iii) the Borrower, the Administrative Agent, the Lenders and the L/C Issuer shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. Each Lender that sells a participation shall, acting for itself and, solely for this purpose as an agent of the Borrower (and such agency being solely for tax purposes), maintain a register on which it enters the name and address of each Participant and the principal amounts (and stated interest) of each Participant's interest in the Loans or other obligations under the Loan Documents (the "Participant Register"); provided that no Lender shall have any obligation to disclose all or any portion of the Participant Register (including the identity of any Participant or any information relating to a Participant's interest in any commitments, loans, letters of credit or its other obligations under any Loan Document) to any Person except to the extent that such disclosure is necessary to establish that such commitment, loan, letter of credit or other obligation is in registered form under Section 5f.103-1(c) of the U.S. Treasury Regulations. The entries in such register shall be conclusive absent manifest error, and each Lender shall treat each Person whose name is recorded in such register pursuant to the terms hereof as the owner of such participation for all purposes of this Agreement, notwithstanding notice to the contrary.

Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; provided that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, waiver or other modification described in the first proviso to Section 10.01 that affects such Participant. Subject to subsection (e) of this Section, the Borrower agrees that each Participant shall be entitled to the benefits of Sections 3.01, 3.04 and 3.05 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to subsection (b) of this Section. To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 10.08 as though it were a Lender, provided such Participant agrees to be subject to Section 2.14 as though it were a Lender.

(e) Limitations upon Participant Rights. A Participant shall not be entitled to receive any greater payment under Section 3.01 or 3.04 than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant, unless the sale of the participation to such Participant is made with the Borrower's prior written consent. A Participant that would be a Foreign Lender if it were a Lender shall not be entitled to the benefits of Section 3.01 unless the Borrower is notified of the participation sold to such Participant and such Participant agrees, for the benefit of the Borrower, to comply with Section 3.01(e) as though it were a Lender.

(f) Certain Pledges. Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement (including under its Note, if any) to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank;

provided that no such pledge or assignment shall release such Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

(g) Resignation as L/C Issuer or Swing Line Lender after Assignment. Notwithstanding anything to the contrary contained herein, if at any time Wells Fargo assigns all of its Commitment and Loans pursuant to subsection (b) above, Wells Fargo may, (i) upon 30 days' notice to the Borrower and the Lenders, resign as L/C Issuer and/or (ii) upon 30 days' notice to the Borrower, resign as Swing Line Lender. In the event of any such resignation as L/C Issuer or Swing Line Lender, the Borrower shall be entitled to appoint from among the Lenders a successor L/C Issuer or Swing Line Lender hereunder; provided, however, that no failure by the Borrower to appoint any such successor shall affect the resignation of Wells Fargo as L/C Issuer or Swing Line Lender, as the case may be. If Wells Fargo resigns as L/C Issuer, it shall retain all the rights, powers, privileges and duties of the L/C Issuer hereunder with respect to all Letters of Credit outstanding as of the effective date of its resignation as L/C Issuer and all L/C Obligations with respect thereto (including the right to require the Lenders to make Base Rate Committed Loans or fund risk participations in Unreimbursed Amounts pursuant to Section 2.04(c)). If Wells Fargo resigns as Swing Line Lender, it shall retain all the rights of the Swing Line Lender provided for hereunder with respect to Swing Line Loans made by it and outstanding as of the effective date of such resignation, including the right to require the Lenders to make Base Rate Committed Loans or fund risk participations in outstanding Swing Line Loans pursuant to Section 2.05(c). Upon the appointment of a successor L/C Issuer and/or Swing Line Lender, (a) such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring L/C Issuer or Swing Line Lender, as the case may be, and (b) the successor L/C Issuer shall issue letters of credit in substitution for the Letters of Credit, if any, outstanding at the time of such succession or make other arrangements satisfactory to Wells Fargo to effectively assume the obligations of Wells Fargo with respect to such Letters of Credit.

**10.07 Treatment of Certain Information; Confidentiality.** Each of the Administrative Agent, the Lenders and the L/C Issuer agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its Affiliates and to its and its Affiliates' respective partners, directors, officers, employees, agents, trustees, advisors and representatives with a need to know (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) to the extent requested by any regulatory authority purporting to have jurisdiction over it (including any self-regulatory authority, such as the National Association of Insurance Commissioners), (c) to the extent required by applicable laws or regulations or by any subpoena or similar legal process, (d) to any other party hereto, (e) in connection with the exercise of any remedies hereunder or under any other Loan Document or any action or proceeding relating to this Agreement or any other Loan Document or the enforcement of rights hereunder or thereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section 10.7, to (i) any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Agreement or any Eligible Assignee invited to be a Lender pursuant to Section 2.16(c) or (ii) any actual or prospective counterparty (or its advisors) to any swap or derivative transaction relating to the Borrower and its obligations, (g) with the consent of the Borrower, (h) (x) the existence of this Agreement (but not the terms hereof) and the existence of the revolving credit facility (but not the terms thereof) and (y) certain other limited generic information regarding the revolving credit facility (but not any other confidential information), may be disclosed to market data collectors and other similar service providers to the lending industry and, in the case of the Administrative Agent, to service providers to the Administrative Agent in connection with the administration of the facility or (i) to the extent such Information (x) becomes publicly available other than as a result of a breach of this Section or (y) becomes available to the Administrative Agent, any Lender, the L/C Issuer or any of their respective Affiliates on a nonconfidential basis from a source other than the Borrower. For purposes of this Section, "Information"

means all information received from the Borrower or any Subsidiary relating to the Borrower or any Subsidiary or any of their respective businesses, other than any such information that is available to the Administrative Agent, any Lender or the L/C Issuer on a nonconfidential basis prior to disclosure by the Borrower or any Subsidiary, provided that, in the case of information received from the Borrower or any Subsidiary after the date hereof, such information is clearly identified at the time of delivery as confidential. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

Each of the Administrative Agent, the Lenders and the L/C Issuer acknowledges that (a) the Information may include material non-public information concerning the Borrower or a Subsidiary, as the case may be, (b) it has developed compliance procedures regarding the use of material non-public information and (c) it will handle such material non-public information in accordance with applicable Law, including United States federal and state securities Laws.

**10.08 Right of Setoff.** If an Event of Default shall have occurred and be continuing, each Lender, the L/C Issuer and each of their respective Affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by applicable law, to set off and apply any and all deposits (general or special, time or demand, provisional or final, in whatever currency) at any time held and other obligations (in whatever currency) at any time owing by such Lender, the L/C Issuer or any such Affiliate to or for the credit or the account of the Borrower or any other Loan Party against any and all of the obligations of the Borrower or such Loan Party now or hereafter existing under this Agreement or any other Loan Document to such Lender or the L/C Issuer, irrespective of whether or not such Lender or the L/C Issuer shall have made any demand under this Agreement or any other Loan Document and although such obligations of the Borrower or such Loan Party may be contingent or unmatured or are owed to a branch or office of such Lender or the L/C Issuer different from the branch or office holding such deposit or obligated on such indebtedness; provided, that in the event that any Defaulting Lender shall exercise any such right of setoff, (x) all amounts so set off shall be paid over immediately to the Administrative Agent for further application in accordance with the provisions of Section 2.18 and, pending such payment, shall be segregated by such Defaulting Lender from its other funds and deemed held in trust for the benefit of the Administrative Agent and the Lenders, and (y) the Defaulting Lender shall provide promptly to the Administrative Agent a statement describing in reasonable detail the Obligations owing to such Defaulting Lender as to which it exercised such right of setoff. The rights of each Lender, the L/C Issuer and their respective Affiliates under this Section are in addition to other rights and remedies (including other rights of setoff) that such Lender, the L/C Issuer or their respective Affiliates may have. Each Lender and the L/C Issuer agrees to notify the Borrower and the Administrative Agent promptly after any such setoff and application, provided that the failure to give such notice shall not affect the validity of such setoff and application.

**10.09 Interest Rate Limitation.** Notwithstanding anything to the contrary contained in any Loan Document, the interest paid or agreed to be paid under the Loan Documents shall not exceed the maximum rate of non-usurious interest permitted by applicable Law (the "Maximum Rate"). If the Administrative Agent or any Lender shall receive interest in an amount that exceeds the Maximum Rate, the excess interest shall be applied to the principal of the Loans or, if it exceeds such unpaid principal, refunded to the Borrower. In determining whether the interest contracted for, charged, or received by the Administrative Agent or a Lender exceeds the Maximum Rate, such Person may, to the extent permitted by applicable Law, (a) characterize any payment that is not principal as an expense, fee, or premium rather than interest, (b) exclude voluntary prepayments and the effects thereof, and (c) amortize, prorate, allocate, and spread in equal or unequal parts the total amount of interest throughout the contemplated term of the Obligations hereunder.

**10.10 Counterparts; Integration; Effectiveness.** This Agreement may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement and the other Loan Documents constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. Except as provided in Section 4.01, this Agreement shall become effective when it shall have been executed by the Administrative Agent and when the Administrative Agent shall have received counterparts hereof that, when taken together, bear the signatures of each of the other parties hereto. Delivery of an executed counterpart of a signature page of this Agreement by telecopy or other electronic imaging means shall be effective as delivery of a manually executed counterpart of this Agreement.

**10.11 Survival of Representations and Warranties.** All representations and warranties made hereunder and in any other Loan Document or other document delivered pursuant hereto or thereto or in connection herewith or therewith shall survive the execution and delivery hereof and thereof. Such representations and warranties have been or will be relied upon by the Administrative Agent and each Lender, regardless of any investigation made by the Administrative Agent or any Lender or on their behalf and notwithstanding that the Administrative Agent or any Lender may have had notice or knowledge of any Default at the time of any Credit Extension, and shall continue in full force and effect as long as any Loan or any other Obligation hereunder shall remain unpaid or unsatisfied or any Letter of Credit shall remain outstanding.

**10.12 Severability.** If any provision of this Agreement or the other Loan Documents is held to be illegal, invalid or unenforceable, (a) the legality, validity and enforceability of the remaining provisions of this Agreement and the other Loan Documents shall not be affected or impaired thereby and (b) the parties shall endeavor in good faith negotiations to replace the illegal, invalid or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the illegal, invalid or unenforceable provisions. The invalidity of a provision in a particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. Without limiting the foregoing provisions of this Section 10.12, if and to the extent that the enforceability of any provisions in this Agreement relating to Defaulting Lenders shall be limited by Debtor Relief Laws, as determined in good faith by the Administrative Agent, the L/C Issuer or the Swing Line Lender, as applicable, then such provisions shall be deemed to be in effect only to the extent not so limited.

**10.13 Replacement of Lenders.** If (a) any Lender requests compensation under Section 3.04, or the Borrower is required to pay any Indemnified Taxes or Other Taxes or any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 3.01 (and, in each case, such Lender has declined or is unable to designate a different Lending Office in accordance with Section 3.06) or (b) a Lender (a “Non-Consenting Lender”) does not consent to a proposed change, waiver, discharge or termination with respect to any Loan Document that has been approved by the Required Lenders as provided in Section 10.01 but requires unanimous consent of all Lenders or all Lenders directly affected thereby (as applicable) or (c) any Lender is a Defaulting Lender, then the Borrower may, at its sole expense and effort, upon notice to such Lender and the Administrative Agent, require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in, and consents required by, Section 10.06), all of its interests, rights and obligations under this Agreement and the related Loan Documents to an assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment), provided that:

- (i) the Borrower shall have paid to the Administrative Agent the assignment fee specified in Section 10.06(b)(iv);

(ii) such Lender shall have received payment of an amount equal to the outstanding principal of its Loans and L/C Advances, accrued interest thereon, accrued fees and all other amounts payable to it hereunder and under the other Loan Documents (including any amounts under Section 3.05) from the assignee (to the extent of such outstanding principal and accrued interest and fees) or the Borrower (in the case of all other amounts, and, at the option of the Borrower, in respect of such outstanding principal and accrued interest and fees);

(iii) in the case of any such assignment resulting from a claim for compensation under Section 3.04 or payments required to be made pursuant to Section 3.01, such assignment will result in a reduction in such compensation or payments thereafter;

(iv) such assignment does not conflict with applicable Laws; and

(v) in the case of any such assignment resulting from a Non-Consenting Lender's failure to consent to a proposed change, waiver, discharge or termination with respect to any Loan Document, the applicable assignee consents to the proposed change, waiver, discharge or termination; provided that the failure by such Non-Consenting Lender to execute and deliver an Assignment and Assumption shall not impair the validity of the removal of such Non-Consenting Lender and the mandatory assignment of such Non-Consenting Lender's Commitments and outstanding Loans and participations in L/C Obligations pursuant to this Section shall nevertheless be effective without the execution by such Non-Consenting Lender of an Assignment and Assumption.

A Lender shall not be required to make any such assignment or delegation if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling the Borrower to require such assignment and delegation cease to apply.

#### **10.14 Governing Law; Jurisdiction; Etc.**

(a) GOVERNING LAW. THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS AND ANY CLAIMS, CONTROVERSY, DISPUTE OR CAUSE OF ACTION (WHETHER IN CONTRACT OR TORT OR OTHERWISE) BASED UPON, ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT (EXCEPT, AS TO ANY OTHER LOAN DOCUMENT, AS EXPRESSLY SET FORTH THEREIN) AND THE TRANSACTIONS CONTEMPLATED HEREBY AND THEREBY SHALL BE GOVERNED BY AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK (INCLUDING, WITHOUT LIMITATION, SECTION 5-1401 AND 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW, BUT OTHERWISE WITHOUT REGARD TO CONFLICTS OF LAW PRINCIPLES THEREOF).

(b) SUBMISSION TO JURISDICTION. THE BORROWER AND EACH OTHER LOAN PARTY IRREVOCABLY AND UNCONDITIONALLY AGREES THAT IT WILL NOT COMMENCE ANY ACTION, LITIGATION OR PROCEEDING OF ANY KIND OR DESCRIPTION, WHETHER IN LAW OR EQUITY, WHETHER IN CONTRACT OR IN TORT OR OTHERWISE, AGAINST THE ADMINISTRATIVE AGENT, ANY LENDER, THE L/C ISSUER, OR ANY RELATED PARTY OF THE FOREGOING IN ANY WAY RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS RELATING HERETO OR THERETO, IN ANY FORUM OTHER THAN THE COURTS OF THE STATE OF NEW YORK SITTING IN NEW YORK COUNTY AND OF THE UNITED STATES DISTRICT COURT OF THE SOUTHERN DISTRICT OF NEW YORK, AND ANY APPELLATE COURT FROM ANY THEREOF, AND EACH OF THE PARTIES HERETO IRREVOCABLY AND UNCONDITIONALLY SUBMITS TO THE JURISDICTION OF

SUCH COURTS AND AGREES THAT ALL CLAIMS IN RESPECT OF ANY SUCH ACTION, LITIGATION OR PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH NEW YORK STATE COURT OR, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, IN SUCH FEDERAL COURT. EACH OF THE PARTIES HERETO AGREES THAT A FINAL JUDGMENT IN ANY SUCH ACTION, LITIGATION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW. NOTHING IN THIS AGREEMENT OR IN ANY OTHER LOAN DOCUMENT SHALL AFFECT ANY RIGHT THAT THE ADMINISTRATIVE AGENT, ANY LENDER OR THE L/C ISSUER MAY OTHERWISE HAVE TO BRING ANY ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT AGAINST THE BORROWER OR ANY OTHER LOAN PARTY OR ITS PROPERTIES IN THE COURTS OF ANY JURISDICTION.

(c) WAIVER OF VENUE. EACH PARTY HERETO IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT IN ANY COURT REFERRED TO IN PARAGRAPH (B) OF THIS SECTION. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION OR PROCEEDING IN ANY SUCH COURT.

(d) SERVICE OF PROCESS. EACH PARTY HERETO IRREVOCABLY CONSENTS TO SERVICE OF PROCESS IN THE MANNER PROVIDED FOR NOTICES IN SECTION 10.02. NOTHING IN THIS AGREEMENT WILL AFFECT THE RIGHT OF ANY PARTY HERETO TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY APPLICABLE LAW.

**10.15 Waiver of Jury Trial.** EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

**10.16 No Advisory or Fiduciary Responsibility.** In connection with all aspects of each transaction contemplated hereby (including in connection with any amendment, waiver or other modification hereof or of any other Loan Document), the Borrower and each other Loan Party acknowledges and agrees, and acknowledges its Affiliates' understanding, that: (i) (A) the arranging and other services regarding this Agreement provided by the Administrative Agent and the Arrangers are arm's-length commercial transactions between the Borrower, each other Loan Party and their respective Affiliates, on the one hand, and the Administrative Agent and the Arrangers, on the other hand, (B) each of the Borrower and the other Loan Parties has consulted its own legal, accounting, regulatory and tax advisors to the extent it has deemed appropriate, and (C) the Borrower and each other Loan Party is capable of evaluating, and understands and accepts, the terms, risks and conditions of the transactions

contemplated hereby and by the other Loan Documents; (ii) (A) the Administrative Agent and, the Arrangers, each is and has been acting solely as a principal and, except as expressly agreed in writing by the relevant parties, has not been, is not, and will not be acting as an advisor, agent or fiduciary for the Borrower, any other Loan Party or any of their respective Affiliates, or any other Person and (B) neither the Administrative Agent nor the Arrangers has any obligation to the Borrower, any other Loan Party or any of their respective Affiliates with respect to the transactions contemplated hereby except those obligations expressly set forth herein and in the other Loan Documents; and (iii) the Administrative Agent and the Arrangers and their respective Affiliates may be engaged in a broad range of transactions that involve interests that differ from those of the Borrower, the other Loan Parties and their respective Affiliates, and neither the Administrative Agent nor the Arrangers has any obligation to disclose any of such interests to the Borrower, any other Loan Party or any of their respective Affiliates. To the fullest extent permitted by law, each of the Borrower and the other Loan Parties hereby waives and releases any claims that it may have against the Administrative Agent and the Arrangers with respect to any breach or alleged breach of agency or fiduciary duty in connection with any aspect of any transaction contemplated hereby.

**10.17 Electronic Execution of Assignments and Certain Other Documents.** The words “delivery,” “execute,” “execution,” “signed,” “signature,” and words of like import in any Loan Document or any other document executed in connection herewith shall be deemed to include electronic signatures, the electronic matching of assignment terms and contract formations on electronic platforms approved by the Administrative Agent, or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature, physical delivery thereof or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable Law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act; provided that notwithstanding anything contained herein to the contrary neither the Administrative Agent, the L/C Issuer nor any Lender is under any obligation to agree to accept electronic signatures in any form or in any format unless expressly agreed to by the Administrative Agent, the L/C Issuer or such Lender pursuant to procedures approved by it and provided further without limiting the foregoing, upon the request of any party, any electronic signature shall be promptly followed by such manually executed counterpart.

**10.18 USA PATRIOT Act.** Each Lender that is subject to the Act (as hereinafter defined) and the Administrative Agent (for itself and not on behalf of any Lender) hereby notifies the Borrower that pursuant to the requirements of the USA PATRIOT Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the “Act”), it is required to obtain, verify and record information that identifies the Borrower, which information includes the name and address of the Borrower and other information that will allow such Lender or the Administrative Agent, as applicable, to identify the Borrower in accordance with the Act. The Borrower shall, promptly following a request by the Administrative Agent or any Lender, provide all documentation and other information that the Administrative Agent or such Lender requests in order to comply with its ongoing obligations under applicable “know your customer” and anti-money laundering rules and regulations, including the Act.

**10.19 Acknowledgement and Consent to Bail-In of Affected Financial Institutions.** Solely to the extent any Lender or L/C Issuer that is an Affected Financial Institution is a party to this Agreement and notwithstanding anything to the contrary in any Loan Document or in any other agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any Lender or L/C Issuer that is an Affected Financial Institution arising under any Loan Document, to the extent such liability is unsecured, may be subject to the Write-Down and Conversion Powers of an applicable Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

(a) the application of any Write-Down and Conversion Powers by an applicable Resolution Authority to any such liabilities arising hereunder which may be payable to it by any Lender or L/C Issuer that is an Affected Financial Institution; and

(b) the effects of any Bail-In Action on any such liability, including, if applicable:

(i) a reduction in full or in part or cancellation of any such liability;

(ii) a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such Affected Financial Institution, its parent undertaking, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Agreement or any other Loan Document; or

(iii) the variation of the terms of such liability in connection with the exercise of the write-down and conversion powers of any applicable Resolution Authority.

**10.20 Acknowledgement Regarding Any Supported QFCs.** To the extent that the Loan Documents provide support, through a guarantee or otherwise, for any swap agreement or any other agreement or instrument that is a QFC (such support, “QFC Credit Support”, and each such QFC, a “Supported QFC”), the parties acknowledge and agree as follows with respect to the resolution power of the Federal Deposit Insurance Corporation under the Federal Deposit Insurance Act and Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act (together with the regulations promulgated thereunder, the “U.S. Special Resolution Regimes”) in respect of such Supported QFC and QFC Credit Support (with the provisions below applicable notwithstanding that the Loan Documents and any Supported QFC may in fact be stated to be governed by the laws of the State of New York and/or of the United States or any other state of the United States):

(a) In the event a Covered Entity that is party to a Supported QFC (each, a “Covered Party”) becomes subject to a proceeding under a U.S. Special Resolution Regime, the transfer of such Supported QFC and the benefit of such QFC Credit Support (and any interest and obligation in or under such Supported QFC and such QFC Credit Support, and any rights in property securing such Supported QFC or such QFC Credit Support) from such Covered Party will be effective to the same extent as the transfer would be effective under the U.S. Special Resolution Regime if the Supported QFC and such QFC Credit Support (and any such interest, obligation and rights in property) were governed by the laws of the United States or a state of the United States. In the event a Covered Party or a BHC Act Affiliate of a Covered Party becomes subject to a proceeding under a U.S. Special Resolution Regime, Default Rights under the Loan Documents that might otherwise apply to such Supported QFC or any QFC Credit Support that may be exercised against such Covered Party are permitted to be exercised to no greater extent than such Default Rights could be exercised under the U.S. Special Resolution Regime if the Supported QFC and the Loan Documents were governed by the laws of the United States or a state of the United States. Without limitation of the foregoing, it is understood and agreed that rights and remedies of the parties with respect to a Defaulting Lender shall in no event affect the rights of any Covered Party with respect to a Supported QFC or any QFC Credit Support.

(b) As used in this Section 10.20, the following terms have the following meanings:

“BHC Act Affiliate” of a party means an “affiliate” (as such term is defined under, and interpreted in accordance with, 12 U.S.C. 1841(k)) of such party.

“Covered Entity” means any of the following: (i) a “covered entity” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 252.82(b); (ii) a “covered bank” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 47.3(b); or (iii) a “covered FSI” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 382.2(b).

“Default Right” has the meaning assigned to that term in, and shall be interpreted in accordance with, 12 C.F.R. §§ 252.81, 47.2 or 382.1, as applicable.

“QFC” has the meaning assigned to the term “qualified financial contract” in, and shall be interpreted in accordance with, 12 U.S.C. 5390(c)(8)(D).

*[Signature pages omitted]*

SECTION 302  
CERTIFICATION

I, John M. Holmes, certify that:

1. I have reviewed this quarterly report on Form 10-Q of AAR CORP. (the “Registrant”) for the quarterly period ended February 28, 2025;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;
4. The Registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the Registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the Registrant’s internal control over financial reporting that occurred during the Registrant’s most recent fiscal quarter (the Registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant’s internal control over financial reporting; and
5. The Registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant’s auditors and the audit committee of the Registrant’s board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant’s ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant’s internal control over financial reporting.

DATE: March 27, 2025

/s/ JOHN M. HOLMES

John M. Holmes

*Chairman, President, and Chief Executive Officer*  
(Principal Executive Officer)

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SECTION 302  
CERTIFICATION

I, Sean M. Gillen, certify that:

1. I have reviewed this quarterly report on Form 10-Q of AAR CORP. (the “Registrant”) for the quarterly period ended February 28, 2025;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;
4. The Registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the Registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the Registrant’s internal control over financial reporting that occurred during the Registrant’s most recent fiscal quarter (the Registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant’s internal control over financial reporting; and
5. The Registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant’s auditors and the audit committee of the Registrant’s board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant’s ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant’s internal control over financial reporting.

DATE: March 27, 2025

/s/ SEAN M. GILLEN

Sean M. Gillen

*Senior Vice President and Chief Financial Officer*  
(Principal Financial Officer)

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**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the AAR CORP. (the "Company") quarterly report on Form 10-Q for the period ended February 28, 2025 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, John M. Holmes, Chairman, President, and Chief Executive Officer of the Company, certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

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

Date: March 27, 2025

/s/ JOHN M. HOLMES

John M. Holmes

*Chairman, President, and Chief Executive Officer*  
(Principal Executive Officer)

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**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the AAR CORP. (the "Company") quarterly report on Form 10-Q for the period ended February 28, 2025 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Sean M. Gillen, Senior Vice President and Chief Financial Officer of the Company, certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

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

Date: March 27, 2025

/s/ SEAN M. GILLEN

Sean M. Gillen

*Senior Vice President and Chief Financial Officer*  
(Principal Financial Officer)

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