

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

(Mark One)

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

For the fiscal year ended January 31, 2020

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: 001-07982

RAVEN INDUSTRIES, INC.

(Exact name of registrant as specified in its charter)



SD

(State or other jurisdiction of incorporation or organization)

205 E. 6th Street, P.O. Box 5107

(Address of principal executive offices)

Sioux Falls, SD

46-0246171

(IRS Employer Identification No.)

57117-5107

(Zip Code)

Registrant's telephone number, including area code: **(605) 336-2750**

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

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, \$1 par value	RAVN	Nasdaq Global Select Market

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

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

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities 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 definition 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

The aggregate market value of the registrant's common stock held by non-affiliates at July 31, 2019, was approximately \$1,285,578,775. The aggregate market value was computed by reference to the closing price as reported on the Nasdaq Global Select Market, \$36.24, on July 31, 2019, which was as of the last business day of the registrant's most recently completed second fiscal quarter. The number of shares outstanding on March 20, 2020, was 35,780,238

DOCUMENTS INCORPORATED BY REFERENCE

The definitive proxy statement relating to the registrant's Annual Meeting of Shareholders, to be held May 20, 2020, is incorporated by reference into Part III to the extent described therein.

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PART I

ITEM 1. BUSINESS

Raven Industries, Inc. (the Company or Raven) was incorporated in February 1956 under the laws of the State of South Dakota and began operations later that same year. The Company is a diversified technology company providing a variety of products to customers within the industrial, agricultural, geomembrane, construction, commercial lighter-than-air, aerospace and defense markets. The Company markets its products around the world and has its principal operations in the United States of America. Raven began operations as a manufacturer of high-altitude research balloons before diversifying into product lines that extended from technologies and production methods of this original balloon business. The Company employs 1,362 people and is headquartered at 205 E. 6th Street, Sioux Falls, SD 57104 - telephone (605) 336-2750. The Company's Internet address is <http://www.ravenind.com> and its common stock trades on the Nasdaq Global Select Market under the ticker symbol RAVN. The Company has adopted a Code of Conduct applicable to all officers, directors and employees, which is available on its website. Information on the Company's website is not incorporated into this filing.

The Company makes its annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and all amendments to those reports available, free of charge, in the "Investor Relations" section of the Company's website as soon as reasonably practicable after the Company electronically files these materials with, or furnishes these materials to, the Securities and Exchange Commission (SEC).

These materials are also found on the SEC website at www.sec.gov. This site contains reports, proxy statements and other information regarding issuers that file electronically with the SEC.

This Form 10-K contains forward-looking statements that are subject to risks and uncertainties. All statements other than statements of historical fact included in this Form 10-K are forward-looking statements. Forward-looking statements give the Company's current expectations and projections relating to its financial condition, results of operations, plans, objectives, future performance, and business. All forward-looking statements are subject to risks and uncertainties that may cause actual results to differ materially from those that the Company expected. Important factors that could cause actual results to differ materially from the Company's expectations and other important information about forward-looking statements are disclosed under Item 1A, "Risk Factors" and Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations, Forward-Looking Statements" in this Form 10-K.

BUSINESS SEGMENTS

The Company has three unique operating units, or divisions, that are also its reportable business segments ("segment" or "segments"): Applied Technology Division (Applied Technology), Engineered Films Division (Engineered Films), and Aerostar Division (Aerostar). Product lines have been generally grouped in these segments based on technology, manufacturing processes, and end-use application; however, a segment may serve more than one of the product markets identified above. The Company measures profitability and performance of its segments primarily based on their operating income excluding general and administrative expenses. Other income or expense and income taxes are not allocated to individual operating segments, and assets not identifiable to an individual segment are included as corporate assets. Segment information is reported consistent with the Company's management reporting structure.

Applied Technology

Applied Technology designs, manufactures, sells, and services innovative precision agriculture products and information management tools, which are collectively referred to as precision agriculture equipment, that help farmers reduce costs, more precisely control inputs, and improve farm yields for the global agriculture market. The Applied Technology product families include application controls, GPS-guidance steering systems, field computers, automatic boom controls, machine automation, information management tools, and injection systems. Applied Technology's services include high-speed in-field Internet connectivity and cloud-based data management.

Applied Technology sells its precision agriculture equipment to both original equipment manufacturers (OEMs) and through aftermarket distribution partners within agricultural markets both domestically and internationally. Applied Technology competes with other technology-based companies in a number of its product families and may compete with OEMs if they develop their own product technology rather than purchase it from a third-party such as Raven. The Company's competitive advantage in this segment is designing and selling innovative, reliable, easy-to-use, and value-add products that are supported by an industry-leading service and support team.

The Company's Applied Technology Division continues to build-out its Slingshot® communications platform. Slingshot improves logistics, communications, and application execution, driving business efficiencies for its agriculture retail partners. In January 2019, Applied Technology acquired the assets of AgSync, Inc. (AgSync), an agriculture logistics software company. This acquisition enhanced the division's Slingshot platform by delivering a logistics solution for ag retailers, custom applicators, and enterprise farms.

The Company announced Raven Autonomy™ as a strategic growth initiative in November 2019 and added machine automation as a new product family in fiscal 2020. Raven Autonomy™ is the Company's expansion of its existing machine control technology through autonomous smart machine platforms and implements used in farming. Raven Autonomy™ is expected to enable the Company's Applied Technology Division to become an industry leader in autonomous agricultural solutions. The Company began executing on this strategic growth initiative in the fourth quarter of fiscal 2020 by acquiring Smart Ag, Inc. (Smart Ag®) and a majority ownership in Dot Technology Corp. (DOT®).

Engineered Films

Engineered Films produces high-performance plastic films and sheeting for geomembrane, agricultural, construction, and industrial applications and also offers design-build and installation services of these plastic films and sheeting. Plastic film and sheeting can be purchased separately or together with installation services.

Engineered Films has various fabrication facilities in the United States to provide a heightened level of service and faster product delivery to customers of its energy, geomembrane and construction products. In January 2020, the division expanded its fabrication capabilities through leasing a facility on the East Coast in Waynesboro, Virginia.

Engineered Films sells direct to end-customers and through independent third-party distributors. The majority of products sold into the construction and agriculture markets are sold through distributors, while sales into the geomembrane and industrial markets are generally sold to end customers. The Company extrudes a significant portion of the film converted for its commercial products and believes it is one of the largest sheeting converters in the United States in the markets it serves. Engineered Films' ability to extrude and convert films, along with offering installation services for its geomembrane products, allows it to provide a more customized solution to customers. A number of film manufacturers compete with the Company on both price and product availability.

In November 2019, the Company announced Raven Composites™ as a strategic growth platform for Engineered Films. Raven Composites™ is expected to build on the division's core strengths and expand Engineered Films to become an industry leader in the adjacent reinforced composites market. By leveraging the division's reinforced materials expertise, Engineered Films plans to focus on innovative solutions that deliver thinner, lighter and stronger composites within the construction, industrial, and transportation markets.

Aerostar

Aerostar serves the aerospace and defense and commercial lighter-than-air markets. Aerostar's core products include high-altitude stratospheric platforms, technical services, and radar systems. These products can be integrated with additional third-party sensors to provide research, communications, and situational awareness capabilities to governmental and commercial customers. Aerostar's growth strategy emphasizes the design and manufacture of proprietary products in these markets. Aerostar also pursues product and support services contracts with U.S. government agencies as well as sales of advanced radar systems in international markets.

Aerostar sells to government agencies as both a prime contractor and subcontractor and to commercial users primarily as a sub-contractor. Sales to government agencies often involve large contracts subject to frequent delays because of budget uncertainties and protracted negotiation processes. The timing and size of contract wins can create volatility in Aerostar's financial performance. Aerostar competes with other technology companies that specialize in aerospace and defense products and services based on price, performance, and service.

MARKET CONDITIONS AND OUTLOOK

Despite end-market challenges in the North American ag and energy markets, along with significantly lower hurricane recovery film sales, the Company achieved positive financial results while investing strategically for long-term growth. Applied Technology and Aerostar grew sales year-over-year through continued advancements of their products and services.

During fiscal 2020, Applied Technology continued its growth in sales despite the ongoing ag market challenges in North America caused by the historically wet spring planting conditions. The division achieved year-over-year growth led by the strength of its innovative product portfolio. In the fourth quarter of fiscal 2020, the division completed the acquisition of Smart

Ag and the acquisition of a majority ownership in DOT. These acquisitions will support Raven Autonomy™, one of the Company's strategic platforms for growth that was announced in the fourth quarter of fiscal 2020. Both Smart Ag and DOT are in the technological development stage. The Company plans to commercialize its first Raven Autonomy™ products in fiscal 2021. Initial revenues are expected to be modest in the first year of commercialization. To support these commercialization efforts and further development of semi-autonomous and autonomous solutions for agriculture, Applied Technology expects to invest approximately \$15 million in research and development (R&D) and selling activities in fiscal 2021. The division previously planned to invest approximately \$20 million in such activities in fiscal 2021, but has tempered its plans in light of the current economic environment. The division will also recognize approximately \$3 million in acquisition-related amortization expense in fiscal 2021. The Company believes the division is well positioned to execute on its long-term strategy during fiscal 2021 by leveraging these acquisitions and increasing investment in R&D to provide a strong cadence of new product innovation delivered to the market. While the global economic environment will impact the ag market, the division's underlying historical business has a very strong product offering which generates compelling returns for its end customers.

Engineered Films experienced a challenging energy market and significantly lower hurricane recovery film sales, which led to a year-over-year decline in sales and division profit. Hurricane recovery film sales were down, as expected, over \$12 million year-over-year.

In the fourth quarter of fiscal 2020, the Company announced Raven Composites™ as a strategic platform for growth in Engineered Films. In fiscal 2021, the Company plans to make modest investments in Raven Composites™ through investments in capital equipment to advance greenfield operations. An aggressive acquisition strategy, with a cadence of at least one acquisition a year, was envisioned for Raven Composites™ when this strategic platform was launched in November 2019. While the Company fully expects to execute on acquisitions to spring-board growth in the composites market, these will likely be delayed until fiscal 2022 given the unprecedented uncertainties currently impacting the global economy. As a result of the planned investments, the Company is anticipating initial revenues from Raven Composites™ to begin in the second half of fiscal 2021. Initial revenues will be modest and will be targeted in the construction, industrial, and transportation markets. For Engineered Films' core business, the Company is expecting continued challenges in the geomembrane market (specifically in the energy sub-market) as recent global economic developments have significantly impacted oil prices and are expected to drive reductions in domestic drilling activities. The division's diverse market exposure will help insulate it from certain market dynamics, and the division is prepared for challenging end-market conditions.

Aerostar executed on its core stratospheric platforms and radar systems, driving increases in net sales and division profit of 7 percent and 5 percent, respectively. In fiscal 2020, Aerostar was also awarded two aerostat contracts totaling approximately \$10 million. The division will be executing on these aerostat contract wins while further advancing its technical engineering services and products for its stratospheric platforms and radar systems. The division expects to build on its strong performance and achieve growth in fiscal year 2021.

With the global economic uncertainties, the concern among market participants is growing, and the likelihood of a global economic slowdown for the next several months is high. How extensive and how long this will persist are indeterminable, but the Company is well positioned to respond to the challenges this is creating. With diverse end-markets, strong competitive positions, healthy operating margins, and a solid balance sheet and cash flow, the Company is in a strong relative position. The Company will effectively manage the short-term uncertainties and financial performance, while continuing to fund its strategic platforms for growth, although not nearly as aggressively as the Company had planned prior to the recent events.

Despite the uncertainties, the Company expects to make significant progress on its multi-year plan to drive a step-change in its long-term growth by supplementing its existing core businesses with a significantly increased level of investment focused on Raven Autonomy™ and Raven Composites™ over the next five years. However, given the current global economic uncertainties, the Company is going to take a more measured approach in fiscal 2021. As a result, Raven Autonomy™ will be prioritized for investment, while investment in Raven Composites™ will be more modest and likely not include an acquisition in the next nine months.

Given the significance of the planned investments, it is expected that margins will be lower in the near term while Raven Autonomy™ and Raven Composites™ are established and sales increase, especially over the next two fiscal years. These investments are expected to drive substantial growth in sales and earnings over the long-term, beginning in fiscal year 2023. Overall, the Company's investments in manufacturing capacity and technology development, together with a strong balance sheet, position the Company for enhanced long-term growth. The Company's long-term strategic goal is to generate annual earnings growth of more than 10 percent.

Due to the global pandemic impacting business, the Company expects fiscal 2021 to be an interesting year with unique opportunities and challenges. The Company is in a unique position to capitalize on significant opportunities in the marketplace

by advancing Raven Autonomy™ and Raven Composites™ but will moderate its approach to align with market conditions. The Company faces great uncertainty given the significant global economic concerns facing all companies. As a result, the Company will be emphasizing the following four strategic priorities: uphold the Raven Way in all decisions, emphasize cash flow and liquidity from a position of strength, protect the core business and the Company's strong market positions, and continue to invest in Raven Autonomy™, a strategic platform with tremendous long-term growth potential. The Company will prudently monitor and respond to whatever short-to-intermediate term economic conditions faced to ensure continued long-term success.

MAJOR CUSTOMER INFORMATION

No customers accounted for 10% or more of consolidated net sales in fiscal years 2020, 2019 or 2018.

SEASONAL WORKING CAPITAL REQUIREMENTS

Some seasonal demand exists in both the Applied Technology and Engineered Films divisions, primarily due to their respective exposure to the agricultural market. However, given the overall diversification of the Company, the seasonal fluctuations in net working capital (accounts receivable, net plus inventories less accounts payable) are not usually significant.

FINANCIAL INSTRUMENTS

The principal financial instruments the Company maintains include cash, cash equivalents, short-term investments, marketable equity securities (related to the Company's deferred compensation plan liability), accounts receivable, accounts payable, accrued liabilities, and acquisition-related contingent payments. The Company manages the interest rate, credit, and market risks associated with these accounts through periodic reviews of the carrying value of assets and liabilities and establishment of appropriate allowances in accordance with Company policies.

The Company does not enter into derivatives or other financial instruments for trading or speculative purposes. The Company uses derivative financial instruments to manage foreign currency balance sheet risk. The use of these financial instruments has had no material effect on consolidated results of operations, financial condition, or cash flows.

RAW MATERIALS

The Company obtains a wide variety of materials from numerous domestic and international vendors. Principal materials include electronic components for Applied Technology and Aerostar, various polymeric resins for Engineered Films, and fabrics and film for Aerostar. Engineered Films has experienced volatile resin prices over the past three years. Price increases, reflecting increased material costs or tariffs, could not always be passed on to customers due to weak demand and/or a competitive pricing environment. Predicting future raw material cost volatility and the related potential impact on the Company is not easily estimated and the Company is unable to do so to the degree required to build reliance on such forecasts.

PATENTS

The Company owns a number of patents and also owns licenses that allow the Company to gain access to certain patents of other companies. The Company does not believe that its business, as a whole, is materially dependent on any one patent or related group of patents. The Company focuses its significant R&D efforts to develop technology-based offerings. As such, the protection of the Company's intellectual property is an important strategic objective. Along with an aggressive posture toward patenting new technology and protecting trade secrets, the Company has restrictions on the disclosure of its technology to industry and business partners to ensure that its intellectual property is maintained and protected.

RESEARCH AND DEVELOPMENT

The three business segments conduct ongoing R&D efforts to improve their product offerings and develop new products. R&D investment is particularly strong within Applied Technology and Aerostar. New technology development and product enhancements within Applied Technology are a competitive differentiator and central to its long-term strategy. Engineered Films also utilizes R&D spending to develop new products, value engineer, and reformulate its current products. These R&D investments deliver high-value film solutions to the markets it serves, lower raw material consumption, and improve quality of existing product lines. Aerostar's investment in the development of new technology has a particular emphasis on its core stratospheric balloon and radar platforms. The Company's total R&D costs are presented in the Consolidated Statements of Income and Comprehensive Income.

ENVIRONMENTAL MATTERS

The Company believes that, in all material respects, it is in compliance with applicable federal, state and local environmental laws and regulations. Expenditures incurred in the past relating to compliance for operating facilities have not significantly affected the Company's capital expenditures, earnings, or competitive position. The Company is unaware of any potential liabilities as of January 31, 2020, for any environmental matters that would have a material effect on the Company's results of operations, financial position, or cash flows.

BACKLOG

The Company's backlog represents open customer orders and funded portions of signed government contracts. As of February 1, 2020, the Company's backlog totaled approximately \$60 million. Backlog amounts as of February 1, 2019 and 2018, were approximately \$38 million and \$40 million, respectively. Because the length of time between order and shipment varies considerably by segment and customers can change delivery schedules or potentially cancel orders, the Company does not believe that backlog, as of any particular date, is necessarily indicative of actual net sales for any future period. However, the Company expects that any revenue generated from its backlog, as of February 1, 2020, will be recognized during fiscal year 2021.

EMPLOYEES

As of January 31, 2020, the Company had 1,362 employees (including temporary workers). A summary by segment of these active employee include the following: Applied Technology - 497; Engineered Films - 476; Aerostar - 270; and Corporate Services - 119. Management believes employee relations are good.

INFORMATION ABOUT OUR EXECUTIVE OFFICERS

Name, Age, and Position

Biographical Data

Daniel A. Rykhus, 55

President and Chief Executive Officer

Mr. Rykhus became the Company's President and Chief Executive Officer in 2010. He joined the Company in 1990 as Director of World Class Manufacturing, was General Manager of the Applied Technology Division from 1998 through 2009, and served as Executive Vice President from 2004 through 2010.

Steven E. Brazones, 46

Vice President and Chief Financial Officer

Mr. Brazones joined the Company in December 2014 as its Vice President, Chief Financial Officer, and Treasurer. From 2002 to 2014, Mr. Brazones held a variety of positions with H.B. Fuller Company. Most recently, he served as H.B. Fuller's Americas Region Finance Director. Previously, he served as the Assistant Treasurer and the Director of Investor Relations. Prior to his tenure with H.B. Fuller, Mr. Brazones held various roles at Northwestern Growth.

Anthony D. Schmidt, 48

*Division Vice President and General Manager -
Engineered Films Division*

Mr. Schmidt was named Division Vice President and General Manager of the Engineered Films Division in 2012. He joined the Company in 1995 in the Applied Technology Division performing various leadership roles within manufacturing and engineering. He transitioned to the Engineered Films Division in 2011 as Manufacturing Manager.

Brian E. Meyer, 57

*Division Vice President and General Manager - Applied
Technology Division*

Mr. Meyer was named Division Vice President and General Manager of the Applied Technology Division in May 2015. He joined the Company in 2010 as Chief Information Officer. Prior to joining the Company, Mr. Meyer was an Information and Technology Executive in the health insurance industry and Vice President of Systems Development in the property and casualty insurance industry.

Scott W. Wickersham, 46

*Division Vice President and General Manager - Aerostar
Division*

Mr. Wickersham was named Division Vice President and General Manager of the Aerostar Division in January 2018. He joined the Company in 2010 as the Director of Product Development and Engineering Manager and has been the General Manager for the Aerostar Division since November 2015. Prior to joining the Company, Mr. Wickersham held a range of engineering and operational roles with various technology companies.

Lee A. Magnuson, 64

General Counsel and Vice President, Corporate Secretary

Mr. Magnuson joined the Company in June 2017, as Vice President and General Counsel and also became the Company's Secretary in August 2017. Prior to joining the Company, Mr. Magnuson was managing partner of Lindquist and Vennum Law Firm in the Sioux Falls, SD, office for five years, practicing in the areas of commercial transactions, mergers and acquisitions, corporate matters, real estate and regulatory matters.

Nicole Freeseemann, 37

Vice President of Human Resources

Ms. Freeseemann was named Vice President of Human Resources in January 2019. She started at Raven in 2008 and served in several human resources roles, including most recently as Director of Human Resources since January 2014. During her tenure at Raven, Ms. Freeseemann developed and executed a new performance management strategy, implemented staffing strategies and programs to identify talent for all levels within the company, and led human resource efforts for acquisition due diligence and integrations.

ITEM 1A. RISK FACTORS

RISKS RELATING TO THE COMPANY

The Company's business is subject to many risks, which by their nature are unpredictable or unquantifiable and may be unknown. In an attempt to provide the reader with information on potential risks the Company may encounter, the Company has provided below, what it believes are the most significant risks the Company could potentially face, based on its knowledge, experience, information and assumptions. The risks provided below should be assessed contemporaneously with other information contained in this Form 10-K, including Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations," the risks and uncertainties addressed under "Forward-Looking Statements," the Notes to the Consolidated Financial Statements, and other information presented in or incorporated by reference into this Form 10-K. The risks contained herein, as well as other statements in this Form 10-K, may include forward-looking statements and, as such, are uncertain. Such statements are not guarantees of future performance and undue reliance should not be placed on them. The indeterminate nature of risk factors makes them subject to change, and certain risks and uncertainties could potentially cause material changes to actual results. Some of these risks may affect the entire Company, where others may only affect particular segments of the Company's business, or may have no material affect at all.

The Company, except as required by law, disclaims any obligation to update or revise the information contained herein, regardless of changes, whether as a result of new information, developments or otherwise. The risks provided in this Form 10-K and in other documents filed with the SEC are not exclusive in nature and, as such, there are other potential risks and uncertainties that the Company is not aware of, or does not presently consider material in nature that could cause actual results to vary materially from expectations.

Global pandemics similar to the recent outbreak of coronavirus (COVID-19) could negatively impact the Company.

The Company could be adversely impacted by the effects of a global pandemic similar to the recent outbreak of COVID-19. The extent to which COVID-19 impacts the Company's operations will depend on future developments. The duration, severity, and scope of the COVID-19 outbreak and the actions taken to contain or treat the outbreak are highly uncertain and cannot be predicted at this time. The continued global spread of COVID-19 could materially and adversely impact the Company's operations. The Company may be unable to fulfill customer orders if the Company experiences an extended plant shut-down. The Company's customers could reduce their spending activity. The Company's team members may experience impacts from illness, travel restrictions, quarantines, school closures, and other community response measures. The Company's suppliers may also experience disruptions that impact our business. Any disruption to the Company caused by COVID-19 could have a material adverse effect on the Company's business, financial condition, liquidity, results of operations, and cash flows. Additionally, global pandemics could cause uncertainty in the marketplace and drive volatile global economic conditions.

Weather conditions or natural disasters could affect certain Company markets, such as agriculture, construction, geomembrane installation, or the Company's primary manufacturing facilities.

The Company's Applied Technology Division is largely dependent on the ability of farmers, agricultural service providers, and custom applicators to purchase agricultural equipment, including its products. If such farmers, agricultural service providers, or custom applicators experience weather conditions or natural disasters resulting in unfavorable field conditions, crop prices, or farm incomes, sales in the Applied Technology Division may be adversely affected.

Weather conditions and natural disasters may also adversely affect sales in the Company's Engineered Films Division. To the extent weather conditions or natural disasters impact agriculture, construction, or geomembrane installation activity, sales of the division's plastic sheeting would likely decrease.

Seasonal and weather-related variation could also affect quarterly results. If expected sales are deferred in a fiscal quarter and inventory has been built while operating expenses incurred, financial results could be negatively impacted.

The Company's primary manufacturing facilities for each of its operating divisions are located on contiguous properties in Sioux Falls, South Dakota. If weather-related natural disasters such as tornadoes or flooding were to occur in the area, such conditions could impede the manufacturing and shipping of products and potentially adversely affect the Company's sales and transaction processing. The Company has disaster recovery plans in place to manage the Company's risks to these vulnerabilities, but these measures may not be adequate, implemented properly, or executed timely to ensure that the Company's operations are not disrupted. Such consequences could adversely affect the Company's results of operations, financial condition, liquidity, and cash flows.

The loss, disruption, or material change in the Company's business relationship with single source suppliers for particular materials, components, or services, could cause a disruption in supply, or substantial increase in cost of any such products or services, and therefore could result in harm to the Company's sales, profitability, cash flows and financial condition.

The Company obtains certain materials, components, or services from suppliers that serve as the only source of supply, or that supply the majority of the Company's requirements of the particular material, component, or service. While these materials, components, services, or suitable replacements, could potentially be sourced from other suppliers, in the event of a disruption or loss of supply of relevant materials, components, or services for any reason, the Company may not be able to immediately find alternative sources of supply, or if found, may not be found on similar terms. If the Company's relationship with any of these single source suppliers became challenged, or is terminated, the Company could have difficulty replacing these sources without causing disruption to the business.

Price fluctuations in, and shortages of, raw materials could have a significant impact on the Company's ability to sustain and grow earnings.

The Company's Engineered Films Division utilizes significant amounts of polymeric resin, the cost of which depends upon market prices for natural gas and oil and other market forces. These prices are subject to worldwide supply and demand as well as other factors beyond the Company's control. Although the Engineered Films Division is sometimes able to pass on price increases to its customers, significant variations in the cost of polymeric resins can affect the Company's operating results from period to period. Success in offsetting higher raw material costs with price increases is largely influenced by competitive and economic conditions and could vary significantly depending on the market served. Unusual supply disruptions, such as one caused by a natural disaster, could cause suppliers to invoke "force majeure" clauses in their supply agreements, causing shortages in supply of material. If the Company is not able to fully offset the effects of adverse availability of materials or higher costs, financial results could be adversely affected, which in turn could adversely affect the Company's results of operations, financial condition, liquidity, and cash flows.

Electronic components used by both the Applied Technology Division and Aerostar Division are sometimes in short supply, which may impact the ability to meet customer demand or provide products at a price the customer prefers. If a supplier of raw materials or electronic components were to significantly increase pricing or was unable to deliver due to shortage or financial difficulty, any of the Company's segments could be adversely affected.

Fluctuations in commodity prices can increase the Company's costs and decrease sales.

Agricultural income levels are affected by agricultural commodity prices (primarily corn, beans, and grains) and input costs. As a result, changes in commodity prices or input costs that reduce agricultural income levels could have a negative effect on the ability of farmers and their service providers to purchase the Company's precision agriculture products manufactured by its Applied Technology Division.

Exploration for oil and natural gas fluctuates with their price and energy market conditions are subject to volatility. Certain plastic sheeting manufactured and sold by the Engineered Films Division is sold as pit and pond liners to contain water used in the drilling processes for these energy commodities. Lower prices for oil and natural gas could reduce exploration activities and demand for its products.

Film manufacturing uses polymeric resins, which can be subject to changes in price as the cost of oil or natural gas changes. Accordingly, volatility in oil and natural gas prices may negatively affect raw material costs and cost of goods sold and potentially cause the division to increase prices, which could adversely affect sales and/or profitability.

Failure to develop and market new technologies and products could impact the Company's competitive position and have an adverse effect on the Company's financial results.

The Company's operating results in Applied Technology, Engineered Films, and Aerostar depend upon the ability to renew the pipeline of new technologies and products and to bring these to market. This ability could be adversely affected by difficulties or delays in product development, such as the inability to identify viable new products, successfully complete R&D projects, obtain relevant regulatory approvals, obtain intellectual property protection, or gain market acceptance of new products and services. Because of the lengthy development process, technological challenges, and competition, there can be no assurance that any of the products the Company is currently developing, or could begin to develop in the future, will achieve commercial success. Technical advancements in products may also increase the risk of product failure, increasing product returns or warranty claims and settlements. In addition, sales of the Company's new products could replace sales of some of its current products, offsetting the benefit of a successful new product introduction.

Failure to develop and maintain partnerships, alliances, and other distribution or supplier relationships could adversely impact the Company's financial results.

In certain areas of the Company's business, continued success depends on developing and maintaining relationships with other industry participants, such as original equipment manufacturers, ag retailers, dealers and distributors. If the Company fails to develop and maintain such relationships, or if there is disruption of current business relationships due to actions of the Company, the ability to effectively market and sell certain products could be harmed. The Company's relationships with other industry participants are complex and multifaceted, and evolve over time. Often, these relationships contribute to substantial ongoing business and operations in particular markets; therefore, changes in these relationships could have an adverse impact on sales and revenue.

Additionally, the Company uses dealer/distributor networks, some of which are affiliated with strategic and industry partners. Enlisting and retaining qualified dealers/distributors and training them in the use and selling of product offerings requires substantial time and resources. If the Company were to lose a significant dealer or distributor relationship, and were forced to identify new channels, the time and expense of training new dealers or distributors may make new-product introduction difficult. This may hinder end-user sales and adoption, which could result in decreased revenues. Additionally, the interruption of dealer coverage within specific regions or markets could cause difficulties in marketing, selling or servicing the Company's products and could harm the Company's business, operating results or financial condition.

The Company's sales of products that are specialized and highly technical in nature are subject to uncertainties, start-up costs and inefficiencies, as well as market, competitive, and compliance risks.

The Company's growth strategy relies on the design and manufacture of proprietary products. Highly technical, specialized product inventories may be more susceptible to fluctuations in market demand. If demand is unexpectedly low, write-downs or impairments of such inventory may become necessary. Either of these outcomes could adversely affect the Company's results of operations. Start-up costs and inefficiencies can adversely affect operating results and such costs may not be recoverable in a proprietary product environment because the Company may not receive reimbursement from its customers for such costs.

Competition in agriculture markets could come from the Company's current customers if OEMs develop and integrate precision agriculture technology products themselves rather than purchasing from third parties, thereby reducing demand for Applied Technology's products.

Regulatory restrictions could be placed on hydraulic fracturing activities as a result of environmental and health concerns, reducing demand for Engineered Film's products. For Engineered Films, the development of alternative technologies, such as closed loop drilling processes that reduce the need for pit liners in energy exploration, could also reduce demand for the Company's products.

Aerostar's future growth includes sales of high-altitude stratospheric platforms, technical services, and radar systems to international markets. In limited cases, such sales may be direct commercial sales to foreign governments rather than foreign military sales through the U.S. government. Direct commercial sales to foreign governments often involve large contracts subject to frequent delays because of budget uncertainties, regional military conflicts, political instability, and protracted negotiation processes. Such delays could adversely affect the Company's results of operations. The nature of these markets impact Aerostar's advanced radar systems and aerostats as these products are particularly susceptible to fluctuations in market demand. Demand fluctuations and the likelihood of delays in sales involving large contracts for such products also increase the risk of these products becoming obsolete, increasing the risk associated with expected sales of such products. To the extent products become obsolete or anticipated sales are not realized, expected future cash flows could be adversely impacted. This could also lead to an impairment, which could adversely impact the Company's results of operations and financial condition.

The Company's Aerostar segment depends on the U.S. government for a significant portion of its sales, creating uncertainty in the timing of and funding for projected contracts.

A significant portion of Aerostar's sales are to the U.S. government or U.S. government agencies as a prime or sub-contractor. Government spending has historically been cyclical. A decrease in U.S. government defense or near-space research spending or changes in spending allocations could result in one or more of the Company's programs being reduced, delayed, or terminated. Reductions in the Company's existing programs, unless offset by other programs and opportunities, could adversely affect its ability to sustain and grow its future sales and earnings. The Company's U.S. government sales are funded by the federal budget, which operates on an October-to-September fiscal year. Changes in congressional schedules, negotiations for program funding levels, reduced program funding due to U.S government debt limitations, automatic budget cuts, extended government shutdowns or unforeseen world events can interrupt the funding for a program or contract. Funds for multi-year contracts can be changed in subsequent years in the appropriations process.

In addition, many U.S. government contracts are subject to a competitive bidding and funding process even after the award of the basic contract, adding an additional element of uncertainty to future funding levels. Delays in the funding process or changes in funding are common and can impact the timing of available funds or can lead to changes in program content or termination at the government's convenience. The loss of anticipated funding or the termination of multiple or large programs could have an adverse effect on the Company's future sales and earnings.

The Company derives a portion of its revenues from foreign markets, which subjects the Company to business risks, including risk of changes in government policies, laws, regulation compliance, or changes in worldwide economic conditions.

The Company's consolidated net sales to locations outside of the U.S. were \$42.1 million in fiscal 2020, representing approximately 11% of consolidated net sales. The Company's financial results could be affected by changes in trade, monetary and fiscal policies, laws and regulations, or other activities of U.S. and non-U.S. governments, agencies and similar organizations, along with changes in worldwide economic conditions. These conditions include, but are not limited to, changes in a country's or region's economic or political condition; trade regulations affecting production, pricing, and marketing of products; local labor conditions and regulations; reduced protection of intellectual property rights in some countries; changes in the regulatory or legal environment; restrictions on currency exchange activities; the impact of fluctuations in foreign currency exchange rates, which may affect product demand and may adversely affect the profitability of the Company's products in U.S. dollars in foreign markets where payments are made in the local currency; taxes and tariffs that may not be necessarily passed on to the customers; and other trade barriers. International risks and uncertainties also include changing social and economic conditions, terrorism, political hostilities and war, difficulty in enforcing agreements or collecting receivables, and increased transportation or other shipping costs. Any of these such risks could lead to reduced sales and reduced profitability associated with such sales.

The Company's global operations must comply with all applicable anti-corruption laws, including the U.S. Foreign Corrupt Practices Act. The anti-corruption laws generally prohibit companies and their intermediaries from making improper payments or providing anything of value to improperly influence government officials or private individuals for the purpose of obtaining or retaining a business advantage, regardless of whether those practices are legal or culturally expected in a particular jurisdiction.

The Company's continued expansion, whether by business locations or increased international sales, in areas that may not have comparable levels of compliance integrity as the United States increases the compliance risk associated with regulations such as the Foreign Corrupt Practices Act, as well as others.

Sales of certain Aerostar products into international markets increase the compliance risk associated with regulations such as International Traffic in Arms Regulations (ITAR) and Foreign Corrupt Practices Act (FCPA), as well as others.

Although Raven has a compliance program in place designed to reduce the likelihood of potential violations of such laws, violations of these laws could result in criminal or civil sanctions and have an adverse effect on Raven's reputation, business, and results of operations and financial condition.

Adverse economic conditions in the major industries the Company serves may materially affect segment performance and consolidated results of operations.

The Company's results of operations are impacted by the market fundamentals of the primary industries served. Significant declines of economic activity in the agricultural, oil and gas exploration, construction, industrial, aerospace/defense, and other major markets served may adversely affect segment performance and consolidated results of operations.

The Company may pursue or complete acquisitions, which represent additional risk and could impact future financial results.

The Company's business strategy includes pursuing future acquisitions. Acquisitions involve a number of risks, including integration of the acquired company with the Company's operations and unanticipated liabilities or contingencies related to the acquired company. Further, business strategies supported by the acquisition may be in perceived, or actual, opposition to strategies of certain of the Company's customers and the Company's business could be materially adversely affected if those relationships are terminated and the expected strategic benefits are delayed or are not achieved. The Company cannot ensure that the expected benefits of any acquisition will be realized. Costs could be incurred on pursuits or proposed acquisitions that have not yet or may not close, which could significantly impact the operating results, financial condition, or cash flows.

Additionally, after the acquisition, unforeseen issues could arise, which adversely affect the anticipated returns or which are otherwise not recoverable as an adjustment to the purchase price. Other acquisition risks include delays in realizing benefits from the acquired companies or products; difficulties due to lack of or limited prior experience in any new product or geographic markets entered; unforeseen adjustments, charges or write-offs; unforeseen losses of customers of, or suppliers to, acquired businesses; difficulties in retaining key employees of the acquired businesses; or challenges arising from increased geographic diversity and complexity of operations and information technology systems.

Total goodwill and intangible assets accounted for \$152.7 million, or approximately 38%, of the Company's total assets as of January 31, 2020. The Company evaluates goodwill and intangible assets for impairment annually, or when evidence of potential impairment exists. The annual impairment test is based on several factors requiring judgment. Principally, a significant decrease in expected cash flows or changes in market conditions may indicate potential impairment of recorded goodwill or intangible assets. These expected future cash flows are dependent on several factors, including revenue growth in certain product lines, and could be adversely impacted if anticipated revenue growth is not realized. Reductions in cash flows could result in an impairment of goodwill and/or intangible assets, which could adversely impact the Company's results of operations and financial condition.

The Company's business strategy for the Engineered Films Division includes expanding into the adjacent composites market; this expansion may be facilitated through an acquisition. Entering an expanded adjacent market may pose risks to the Company. This expansion may also divert management time or focus from standard Engineered Films Division operations, which may cause disruption or diverted resources and have an adverse effect on existing Engineered Films operations. There is always risk that expansion may not have the anticipated results or may involve unforeseen operating difficulties or expenditures.

The Company's business strategy for the Applied Technology Division includes semi-autonomous and autonomous farm equipment. The Company has and plans to continue extensive investment into this strategic platform; however, there is a risk that the products may not perform as expected or may experience unexpected development issues. Additionally, expanding into autonomous farm equipment poses potential safety or regulatory issues, which may result in product liability or other claims against the Company. There is a higher level of risk with this technology as the Company is at the forefront of the market. It is possible that the Company's autonomous technology offering is too early to the market and the market is not ready for this technology. The Company's significant investment in R&D related to autonomy does not guarantee marketability of its products. Competition in the autonomy landscape and competitive intellectual property could slow down the Company's development and sale of autonomous products.

The Company may fail to continue to attract, develop, and retain key management and other key employees, which could negatively impact operating results.

The Company depends on the performance of its Board of Directors, senior management team and other key employees, including experienced and skilled technical personnel. The loss of certain members of its Board of Directors, senior management, including the Chief Executive Officer, or other key employees, could negatively impact operating results and the ability to execute the Company's business strategy. Future success of the Company will also depend, in part, upon the ability to attract, train, motivate, and retain qualified board members, senior management and other key personnel.

The Company may fail to protect its intellectual property effectively, or may infringe upon the intellectual property of others.

The Company has developed significant proprietary technology and other rights that are used in its businesses. The Company relies on trade secret, copyright, trademark, and patent laws and contractual provisions to protect the Company's intellectual property. While the Company takes enforcement of these rights seriously, other companies, such as competitors or persons in related markets, may attempt to copy or use the Company's intellectual property for their own benefit.

In addition, intellectual property of others has an impact on the Company's ability to offer some of its products and services for specific uses or at competitive prices. Competitors' patents or other intellectual property may limit the Company's ability to offer products and services to its customers. Any infringement or claimed infringement by the Company on the intellectual property rights of others could result in litigation and adversely affect the Company's ability to continue to provide, or could increase the cost of providing, products and services and negatively impact sales and profitability. Any infringement by the Company could also result in judgments against the Company, which could adversely affect results of operations, financial condition, liquidity, and cash flows.

The Company could be impacted by unfavorable results or material settlement of legal proceedings.

The Company is sometimes a party to various legal proceedings and claims that arise in the ordinary course of business. Regardless of the merit of any such claims, litigation is often very costly, time-consuming, and disruptive to the operations and business of the Company, and a distraction to management and other personnel. While these matters generally are not material in nature, it is possible a matter may arise that is material to the Company's business.

Although the Company believes the probability of a materially adverse outcome is remote, if one or more claims were resolved against the Company in a reporting period for amounts in excess of management's expectations, the Company's consolidated financial statements may be materially adversely affected. Further, such an outcome could result in significant compensatory, punitive or trebled monetary damages, disgorgement of revenue or profits, remedial corporate measures or injunctive relief against the Company that could have a material adverse effect on its businesses, financial condition, results of operation, and cash flows.

Technology failures or cyber-attacks on the Company's systems could disrupt the Company's operations or the functionality of its products and negatively impact the Company's business.

The Company increasingly relies on information technology systems to process, transmit, and store electronic information. In addition, a significant portion of internal communications, as well as communication with customers and suppliers, depends on information technology. Further, the products in Applied Technology and Aerostar segments depend upon GPS and other systems through which products interact with government computer systems and other centralized information sources. The Company is exposed to the risk of cyber incidents in the normal course of business. Cyber incidents may be deliberate attacks for the theft of intellectual property or other sensitive information or may be the result of unintentional events. Like other companies, the Company's information technology systems may be vulnerable to interruption due to a variety of events beyond the Company's control, including, but not limited to, natural disasters, terrorist attacks, telecommunications failures, computer viruses, hackers, foreign governments, and other security issues. Further, attacks on centralized information sources could affect the operation of the Company's products or cause them to malfunction. The Company has technology security initiatives, education and training programs, and disaster recovery plans in place to manage the Company's risk to these vulnerabilities, but these measures may not be adequate, or implemented properly, or executed timely to ensure that operations are not significantly disrupted. Potential consequences of a material cyber incident include damage to the Company's reputation, litigation, and increased cyber security protection and remediation costs. Such consequences could adversely affect results of operations.

Raven is subject to governmental laws, regulations and other legal obligations related to privacy and data protection.

The legislative and regulatory framework for privacy and data protection issues worldwide is rapidly evolving. Raven collects personally identifiable information (PII) and other data as integral parts of its business processes and activities. This data is subject to a variety of U.S. and foreign laws and regulations, including oversight by various regulatory and other governmental bodies. Many foreign countries and governmental bodies, including the European Union, Brazil, individual states within the U.S., and other relevant jurisdictions where we conduct business, have laws and regulations concerning the collection and use of PII and other data obtained from their residents or businesses operating within their jurisdictions. The European Union recently implemented the General Data Protection Regulation (GDPR), which imposes stringent data protection requirements and provides significant penalties for noncompliance. The state of California recently implemented the California Consumer Privacy Act (CCPA). Brazil is expected to implement the Brazilian General Data Protection Law (LGPD) in fiscal year 2021. Any inability, or perceived inability, to adequately address privacy and data protection concerns, or to comply with applicable laws, regulations, policies, industry standards, contractual obligations, or other legal obligations could result in additional cost and liability to the Company or the Company's officials, inhibit sales, or result in other adverse effects on the business.

The implementation of a new enterprise resource planning (ERP) system may result in short term disruption to the Company's operations and business, which could adversely impact the Company and damage customer relationships and brand reputation.

The Company depends heavily on its management information systems for several aspects of its business. The Company launched a company-wide initiative during the fiscal 2018 third quarter called "Project Atlas." This is a strategic long-term investment to replace the Company's existing ERP platform. Project Atlas is being implemented in a phased approach and is expected to take approximately four years to complete. If the new ERP system or legacy system is disrupted, in any material way, during implementation, the Company may incur additional expenses and loss of data. Additionally, if improvements or upgrades are required to meet the evolving needs of the Company's business operations, the Company may be required to incur significant capital expenditures or expenses in the pursuit of improvements or upgrades to the new system. These efforts could potentially increase the amount of time for implementation of the new ERP platform, require expenditures above the anticipated amounts, demand the use of additional resources, distract key personnel and potentially cause short-term disruptions to existing systems and business. Any of these outcomes could impair the Company's ability to achieve critical strategic initiatives and could adversely impact sales, profitability, cash flows and financial condition. Engineered Films and Aerostar went live on the Company's new ERP platform in fiscal 2020. Applied Technology is expected to go live in the first half of fiscal year 2022.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

Most of the Company's properties are located in the Sioux Falls, South Dakota, and surrounding area. The majority of real estate is owned by the Company and used by all three divisions for sales, manufacturing, and other functions. In addition, the Company owns or leases properties in: Texas, Virginia, Colorado, California, the Netherlands, Brazil, and Canada.

The following is the approximate square footage of the Company's owned or leased facilities by segment: Applied Technology - 191,000; Engineered Films - 789,000; Aerostar - 270,000; and Corporate - 150,000. The Company believes that its properties are suitable and adequate to meet existing production needs.

ITEM 3. LEGAL PROCEEDINGS

The Company is involved as a party in lawsuits, claims, regulatory inquiries, or disputes arising in the normal course of its business, the potential costs and liability of which cannot be determined at this time. Management does not believe the ultimate outcomes of its legal proceedings are likely to be material to its results of operations, financial position, or cash flows.

The Company has insurance policies that provide coverage to various degrees for potential liabilities arising from legal proceedings.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

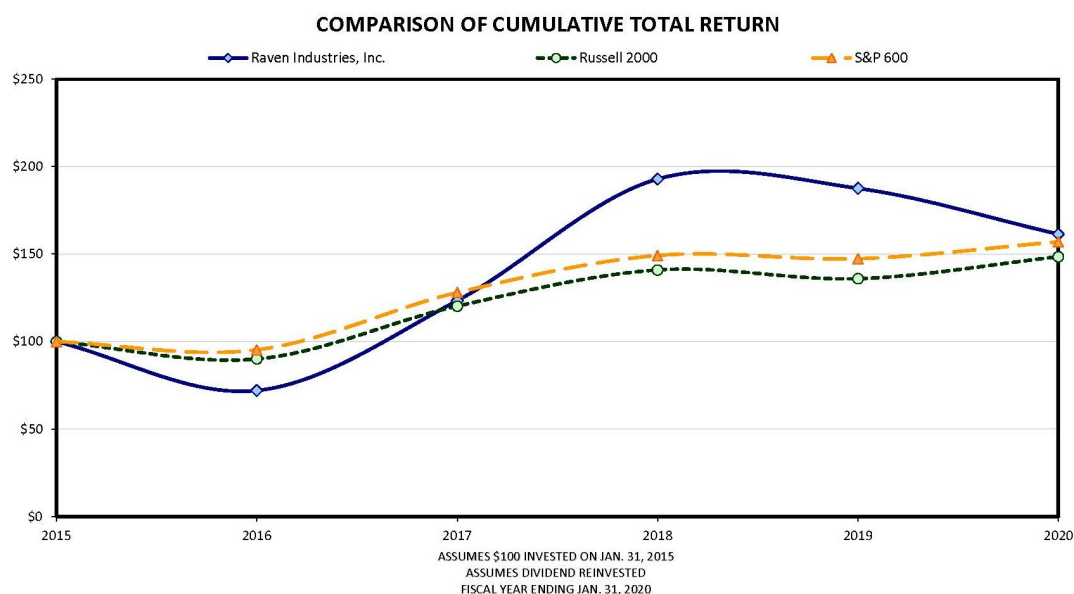
PART II

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

COMPANY STOCK PERFORMANCE

The Company's common stock is traded on the Nasdaq Global Select Market under the ticker symbol RAVN. Daily market activity along with quoted prices and other trading information are readily available for the Company's common stock on numerous websites including www.nasdaq.com. The graph and table below compares the cumulative total shareholder return of the Company's stock in relation to the cumulative total return of the Russell 2000 and S&P Small Cap 600 indices. These two indices were selected as they are comparable benchmarks and the Company is a component of each index. Investors who hypothetically purchased \$100.00 in the Company's stock on January 31, 2015, held the stock for five years and reinvested the dividends, would have seen their value increase to \$161.44. Stock performance on the graph is not necessarily indicative of future share price performance.

COMPARISON OF 5-YEAR CUMULATIVE TOTAL RETURN AMONG RAVEN INDUSTRIES, INC., RUSSELL 2000 INDEX, AND THE S&P SMALL CAP 600 INDEX.



Company / Index	For the years ended January 31,						5-Year CAGR ^(a)
	2015	2016	2017	2018	2019	2020	
Raven Industries, Inc.	\$ 100.00	\$ 72.04	\$ 123.40	\$ 192.93	\$ 187.62	\$ 161.44	10.1 %
Russell 2000 Index	100.00	90.08	120.28	140.95	135.98	148.50	8.2 %
S&P Small Cap 600 Index	100.00	95.31	128.04	149.25	147.39	157.07	9.5 %

^(a) Compound annual growth rate (CAGR)

ISSUER PURCHASES OF EQUITY SECURITIES

As of February 18, 2020, the Company had approximately 10,900 beneficial holders, which includes a substantial amount of the Company's common stock held of record by banks, brokers, and other financial institutions.

On November 3, 2014, the Company announced that its Board of Directors (Board) had authorized a \$40.0 million stock buyback program. Since that time, the Board has provided additional authorizations to increase the total amount authorized under the program to \$75.0 million.

During fiscal 2020, the Company made purchases of 332,651 shares under this program at an average price of \$32.41, equating to a total cost of \$10.8 million. The Company did not repurchase any shares of the Company's common stock in the fourth quarter of fiscal 2020 or during fiscal 2019. There is \$17.2 million still available for share repurchases under this Board-authorized program which remains in place until such time as the authorized spending limit is reached or is otherwise revoked by the Board.

DIVIDENDS

The Company has a history of paying cash dividends to its shareholders. In each of the previous three fiscal years the Company has paid dividends of \$0.52 per share, or approximately \$19 million. The Company currently expects that comparable cash dividends will continue to be paid in the future; however, there can be no assurance as to the payment of future dividends as such payment depends on results of operations, financial condition, cash flows, potential business prospects, capital requirements, and other factors that the Board of Directors deems relevant.

ITEM 6. SELECTED FINANCIAL DATA

The following selected consolidated financial data should be read in conjunction with Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations", Item 8. "Financial Statements and Supplementary Data", and previously filed annual reports (Form 10-K). Historical results are not necessarily indicative of future results.

FIVE-YEAR FINANCIAL SUMMARY

(In thousands, except employee counts and per-share amounts)

	For the years ended January 31,				
	2020	2019	2018	2017	2016
OPERATIONS					
Net sales ^(a)	\$ 382,530	\$ 406,668	\$ 377,317	\$ 277,395	\$ 258,229
Gross profit ^(b)	123,747	132,549	121,565	78,190	66,974
Operating income ^{(b)(c)}	39,939	55,133	59,170	28,413	4,391
Income before income taxes ^{(b)(d)}	40,034	61,570	58,986	27,853	4,081
Net income attributable to Raven Industries, Inc. ^(e)	35,196	51,794	41,022	20,191	4,776
Net income % of sales	9.2 %	12.7 %	10.9 %	7.3 %	1.8 %
Net income % of average equity ^(f)	11.3 %	17.7 %	15.3 %	7.7 %	1.7 %
FINANCIAL POSITION					
Cash and cash equivalents	\$ 20,707	\$ 65,787	\$ 40,535	\$ 50,648	\$ 33,782
Property, plant and equipment	100,850	106,615	106,280	106,324	115,704
Total assets	403,257	360,245	326,803	301,509	298,688
Total debt (including liabilities for financing leases/capital lease obligations - see Note 12)	740	284	448	—	—
Raven Industries, Inc. shareholders' equity	314,646	308,955	276,064	259,426	264,155
Net working capital ^(g)	101,558	100,276	100,777	77,012	77,870
Net working capital percentage ^(h)	29.6 %	28.5 %	26.3 %	27.9 %	36.9 %
Long-term debt / total capitalization	0.2 %	0.1 %	0.2 %	— %	— %
CASH FLOWS PROVIDED BY (USED IN)					
Operating activities	\$ 54,872	\$ 65,952	\$ 44,961	\$ 48,636	\$ 44,008
Investing activities	(58,609)	(16,444)	(25,675)	(4,642)	(11,074)
Financing activities	(40,887)	(23,755)	(29,721)	(27,151)	(50,684)
Change in cash and cash equivalents	(45,080)	25,252	(10,113)	16,866	(18,167)
COMMON STOCK DATA					
EPS — basic	\$ 0.98	\$ 1.44	\$ 1.14	\$ 0.56	\$ 0.13
EPS — diluted	0.97	1.42	1.13	0.56	0.13
Cash dividends per share	0.52	0.52	0.52	0.52	0.52
Stock price range during the year					
High	\$ 41.39	\$ 49.80	\$ 40.85	\$ 26.90	\$ 22.85
Low	27.32	31.45	23.75	12.88	13.87
Close	31.36	36.99	38.55	25.05	15.01
OTHER DATA					
Price / earnings ratio ⁽ⁱ⁾	32.3	26.0	34.1	44.7	115.5
Average number of employees	1,302	1,219	1,054	907	936
Sales per employee	\$ 294	\$ 334	\$ 358	\$ 306	\$ 276

^(a) The Company acquired Smart Ag and a majority ownership in DOT in November of fiscal year 2020, Ag Sync, Inc. in January of fiscal year 2019 and Colorado Lining International, Inc. in September of fiscal year 2018. Refer to Note 6 "Acquisitions and Investments in Businesses and Technologies" of the Notes to the Consolidated Financial Statements for further details. Fiscal year 2020, 2019, and 2018 included \$1,860, \$14,494 and \$24,225, respectively of recovery film sales related to the hurricane recovery effort. In addition, the Company divested its client private business in the first quarter of fiscal 2019. Net sales related to this business in fiscal 2019 and 2018 were \$283 and \$5,592, respectively.

^(b) Fiscal 2017 included inventory write-downs of \$2,278 for Aerostar as a result of discontinuing sales activities for a specific radar product line within its business. Fiscal 2016 included pre-contract cost write-offs of \$2,933, a goodwill impairment loss of \$11,497, and a long-lived asset impairment loss of \$3,826, partially offset by a reduction of \$2,273 of an acquisition-related contingent liability for Aerostar.

- ^(c) Fiscal 2020 and 2019 included \$2,671 and \$4,033, respectively, of expenses related to Project Atlas. Project Atlas related expenses were approximately \$900 in fiscal 2018. Fiscal 2019 operating income included a \$4,503 expense related to the previously announced gift to South Dakota State University.
- ^(d) Fiscal 2019 included a gain of \$5,785 from the divestiture of the Company's ownership interest in SST, further described in Note 1 "Summary of Significant Accounting Policies."
- ^(e) The Tax Cuts and Jobs Act had a favorable impact to the Company. Refer to Note 10 "Income Taxes" of the Notes to the Consolidated Financial Statements for further details.
- ^(f) Net income attributable to Raven Industries, Inc. divided by average equity. Average equity is the sum of Raven Industries, Inc. shareholders' equity for the beginning and ending of the fiscal year divided by two.
- ^(g) Net working capital is defined as accounts receivable, (net) plus inventories less accounts payable.
- ^(h) Net working capital percentage is defined as net working capital divided by fourth quarter net sales times four for each of the fiscal years, respectively.
- ⁽ⁱ⁾ Closing stock price on last business day of fiscal year divided by EPS — diluted.

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

The Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A) is designed to enhance overall financial disclosure with commentary on the operating results, liquidity, capital resources, and financial condition of Raven Industries, Inc. (the Company or Raven). This commentary provides management's analysis of the primary drivers of year-over-year changes in key financial statement elements, business segment results, and the impact of accounting principles on the Company's financial statements. The most significant risks and uncertainties impacting the operating performance and financial condition of the Company are discussed in section Item 1A. "Risk Factors" of this Annual Report on Form 10-K (Form 10-K).

This discussion should be read in conjunction with Raven's Consolidated Financial Statements and notes thereto in Item 8 of this Form 10-K.

The MD&A is organized as follows:

- Executive Summary
- Results of Operations - Segment Analysis
- Liquidity and Capital Resources
- Off-Balance Sheet Arrangements and Contractual Obligations
- Critical Accounting Policies and Estimates
- Accounting Pronouncements

EXECUTIVE SUMMARY

Raven is a diversified technology company providing a variety of products to customers within the industrial, agricultural, geomembrane, construction, aerospace/defense and commercial lighter-than-air markets. The Company is comprised of three unique operating units, classified into reportable business segments: Applied Technology Division (Applied Technology), Engineered Films Division (Engineered Films), and Aerostar Division (Aerostar). Segment information is reported consistent with the Company's management reporting structure.

Management uses a number of measures to assess the Company's performance including:

- Consolidated net sales, gross margin, operating income, operating margin, net income and diluted earnings per share.
- Cash flow from operations and shareholder returns.
- Return on sales, average assets and average equity.
- Segment net sales, gross profit, gross margin, operating margin and operating income. At the segment level, operating income does not include an allocation of general and administrative expenses.

Vision and Strategy

Raven's purpose is to solve great challenges. Great challenges require great solutions. Raven's three unique divisions share resources, ideas and a passion to create technology that helps the world grow more food, produce more energy, protect the environment and live safely.

The Raven business model is its platform for success. Raven's business model is defensible, sustainable, and gives us a consistent approach in the pursuit of quality financial results. This overall approach to creating value, which is employed across the three business segments, is summarized as follows:

- Intentionally serve market segments with strong growth prospects in both the near and long term.
- Consistently manage a pipeline of growth initiatives within our market segments.
- Aggressively compete on quality, service, innovation, and peak performance.
- Attract and develop exceptional leaders who understand business deeply and can thrive in the Raven Way.
- On a path of continuous improvement, consistently taking actions to streamline processes, improve efficiencies, and increase value delivered to our customers.
- Value our balance sheet as a source of strength and stability.
- Corporate responsibility is a top priority.

The following discussion highlights the consolidated operating results for the years ended January 31, 2020, 2019 and 2018. Segment operating results are more fully explained in the Results of Operations - Segment Analysis section.

<i>(dollars in thousands, except per-share data)</i>	For the years ended January 31,				
	2020	% change	2019	% change	2018
Results of Operations					
Net sales	\$ 382,530	(5.9)%	\$ 406,668	7.8 %	\$ 377,317
Gross margin ^(a)	32.3 %		32.6 %		28.2 %
Operating income	\$ 39,939	(27.6)%	\$ 55,133	(6.8)%	\$ 59,170
Operating margin ^(a)	10.4 %		13.6 %		15.7 %
Net income attributable to Raven Industries, Inc.	\$ 35,196	(32.0)%	\$ 51,794	26.3 %	\$ 41,022
Diluted income per share	\$ 0.97	(31.7)%	\$ 1.42	25.7 %	\$ 1.13
Cash Flow and Shareholder Returns					
Cash flow from operating activities	\$ 54,872		\$ 65,952		\$ 44,961
Cash outflow for capital expenditures	8,560		14,127		12,011
Cash dividends	18,650		18,753		18,685
Common share repurchases	10,781		—		10,000
Performance Measures					
Return on net sales ^(b)	9.2 %		12.7 %		10.9 %
Return on average assets ^(c)	9.2 %		15.1 %		13.1 %
Return on average equity ^(d)	11.3 %		17.7 %		15.3 %

^(a) The Company's gross and operating margins may not be comparable to industry peers due to variability in the classification of expenses across industries in which the Company operates.

^(b) Net income attributable to Raven Industries, Inc. divided by net sales.

^(c) Net income attributable to Raven Industries, Inc. divided by average assets. Average assets is the sum of Total Assets for the beginning and ending of the fiscal year divided by two.

^(d) Net income attributable to Raven Industries, Inc. divided by average equity. Average equity is the sum of Total Raven Industries, Inc. shareholders' equity for the beginning and ending of the fiscal year divided by two.

Results of Operations - Fiscal 2020 compared to Fiscal 2019

The Company's net sales in fiscal 2020 were \$382.5 million, a decrease of \$24.1 million, or 5.9%, from the prior year's net sales of \$406.7 million. Applied Technology achieved year-over-year growth, driven by the strength of its product portfolio, despite end-market weakness that stemmed from poor planting conditions that drove extended OEM production shutdowns. Aerostar achieved year-over-year sales growth of 7.0%, led by strength in products and technical services related to stratospheric and radar platforms. Engineered Films drove the consolidated year-over-year decline in sales as the division experienced lower net sales in the industrial, construction, and geomembrane markets. Hurricane recovery films sales, which are part of Engineered Films' construction market, were down \$12.6 million from \$14.5 million in fiscal 2019 to \$1.9 million in fiscal 2020.

Operating income in fiscal 2020 was \$39.9 million, a decrease of \$15.2 million, or 27.6%, from the prior year's operating income of \$55.1 million.

Fiscal 2020 operating income was reduced by the following:

- Lower operating leverage within Engineered Films due to significantly lower hurricane recovery film sales (construction market), and lower sales in the industrial and geomembrane (specifically the energy sub-market) markets.
- Investments in the Raven Autonomy™ strategic growth platform in the fiscal 2020 fourth quarter of \$3.2 million for overhead, R&D, selling, and administrative expenses.
- Higher investment in R&D activities within Applied Technology and Aerostar and higher warranty expenses

Net income attributable to Raven for fiscal 2020 was \$35.2 million, or \$0.97 per diluted share, compared to net income of \$51.8 million, or \$1.42 per diluted share, in fiscal 2019, driven primarily by the items impacting operating income noted above and a lower effective tax rate compared to the prior year. In addition, fiscal 2019 results included a \$5.8 million non-operating pre-tax gain on the divestiture of the Company's ownership interest in Site-Specific Technology Development Group, Inc. (SST) and an expense of \$4.5 million related to a gift to South Dakota State University (SDSU).

Applied Technology Division

Fiscal 2020 net sales increased \$0.8 million, or 0.5%, from \$129.7 million in fiscal 2019 to \$130.5 million in fiscal 2020. Despite the ag market challenges in North America caused by the historically wet spring, the division achieved year-over-year growth led by sales of new products and higher sales volume in Latin America. Geographically, domestic sales were down 0.9%, but international sales were up 5.5% year-over-year. The Company does not specifically model comparative market share position for any of its operating divisions, but based on the sales developments in fiscal 2020, the Company believes that Applied Technology, in aggregate, has maintained its global market share position during the year.

Applied Technology's operating income decreased by 21.4% to \$30.7 million from \$39.0 million in the prior year. The decrease in operating income was due primarily to increased investments in R&D and investments in Raven Autonomy™ (\$2.8 million in fiscal 2020). The division also continued to invest in the Slingshot platform and the integration of Ag Sync's logistics solution (Ag Sync was acquired in January 2019) for ag retailers, aerial applicators, custom applicators, and enterprise farms.

Engineered Films Division

Fiscal 2020 net sales were \$197.7 million, a decrease of \$28.9 million, or 12.7%, compared to fiscal 2019. Net sales decreased in the construction, geomembrane, and industrial markets year-over-year. In construction, the \$12.6 million decrease in hurricane recovery film sales, which rise to abnormally high levels in certain periods with unusually devastating hurricane seasons, drove the year-over-year decline in this market. As a result of lost market share in the industrial market and lower end-market demand in the geomembrane (specifically the energy sub-market) market, net sales to both of these markets were down year-over-year. Although the Company does not specifically model comparative market share position for any of its operating divisions, based on the sales developments in fiscal year 2020, the Company believes that Engineered Films, in aggregate, has maintained its market share in its core business.

Engineered Film's operating income decreased by 27.7% to \$28.7 million from \$39.7 million in the prior year. The decrease in operating income was primarily due to unfavorable operating leverage caused by the significant decline in hurricane recovery film sales and lower geomembrane (specifically the energy sub-market) market demand.

Aerostar Division

Fiscal 2020 net sales were up 7.0% to \$54.4 million compared to \$50.9 million in fiscal 2019. The increase in sales for the division was primarily driven by higher sales of radar systems and services related to a five-year contract awarded in fiscal 2019. Due to timing of aerostat contract awards, lighter-than-air products and services were down 5.7% year-over-year, partially offsetting the growth in radar based revenue. In fiscal 2020, the Company recognized \$2.3 million of revenue related to the two aerostat contracts totaling \$10.4 million awarded in the third quarter of fiscal 2020, with the remainder of the revenue expected to be realized in fiscal 2021. While it is particularly challenging to measure market share information for the Aerostar division and the Company does not specifically model comparative market share position for any of its operating divisions, the Company believes that Aerostar's sales growth was driven by overall growth in the markets served.

Aerostar's operating income increased 5.1% to \$8.6 million from \$8.2 million in the prior year. The improved profitability was primarily due to increased leverage on higher sales volume.

Results of Operations - Fiscal 2019 compared to Fiscal 2018

The Company's net sales in fiscal 2019 were \$406.7 million, an increase of \$29.4 million, or 7.8%, from the prior year's net sales of \$377.3 million. All three divisions achieved growth in net sales year-over-year, led by Aerostar attaining growth of 27.4%. Engineered Films achieved 6.2% growth year-over-year despite a significant reduction in hurricane recovery film sales.

Net sales of hurricane recovery film were \$14.5 million and \$24.2 million in fiscal 2019 and 2018, respectively. Applied Technology grew net sales 4.1% year-over-year.

Operating income in fiscal 2019 was \$55.1 million, a decrease of \$4.1 million, or 6.8%, from the prior year's operating income of \$59.2 million. Fiscal 2019 operating income was reduced by the following:

- Expense of \$4.5 million related to a gift to South Dakota State University (SDSU), further described in Note 13 "Commitments and Contingencies" of the Notes to the Consolidated Financial Statements.
- Project Atlas related expenses of \$4.0 million, which is an increase of \$3.1 million compared to \$0.9 million in fiscal 2018 when the project began.
- Higher investment in R&D activities within Applied Technology and Aerostar.
- Lower operating leverage within Engineered Films due to significantly lower hurricane recovery film sales compared to \$59.2 million in fiscal year 2018.

Partially offsetting these unfavorable impacts to operating income were lower legal expenses, which included favorable legal recoveries in fiscal 2019 as compared to the prior year.

Net income for fiscal 2019 was \$51.8 million, or \$1.42 per diluted share, compared to net income of \$41.0 million, or \$1.13 per diluted share, in fiscal 2018. In addition to the significant items noted above impacting operating income, net income for the twelve-month period ended January 31, 2019, included a non-operating gain on the divestiture of the Company's ownership interest in Site-Specific Technology Development Group, Inc. (SST) of \$5.8 million (\$4.6 million after-tax, or \$0.13 per diluted share). Refer to Note 1 "Summary of Significant Accounting Policies" of the Notes to the Consolidated Financial Statements for further information regarding the sale of this ownership interest.

Additionally, net income benefited from a lower effective tax rate due to the U.S. Tax Cuts and Jobs Act (TCJA) and favorable discrete tax items. The Company's effective tax rate for fiscal 2019, excluding the impact of discrete items, declined by approximately 10 percentage points compared to fiscal 2018, resulting in a benefit to net income in the amount of approximately \$6 million or \$0.17 per diluted share.

Applied Technology Division

Fiscal 2019 net sales increased \$5.0 million, or 4.1%, from \$124.7 million in fiscal 2018 to \$129.7 million in fiscal 2019. The increase in net sales was driven by growth of both new and existing products. Geographically, domestic and international sales were up 5.0% and 0.9% year-over-year, respectively. The Company does not specifically model comparative market share position for any of its operating divisions, but based on the sales developments in fiscal 2019, the Company believes that Applied Technology, in aggregate, has maintained or increased its global market share position during the year.

Applied Technology's operating income increased by 24.9% to \$39.0 million from \$31.3 million in the prior year. The increase was due primarily to increased leverage on higher sales volume and lower legal expenses which included favorable legal recoveries. Throughout fiscal 2019, the division continued to invest in R&D activities to drive innovation and future sales growth.

Engineered Films Division

Fiscal 2019 net sales were \$226.6 million, an increase of \$13.3 million, or 6.2%, compared to fiscal 2018. Net sales increased despite a significant reduction in hurricane recovery film sales. Net sales of hurricane recovery film were \$14.5 million and \$24.2 million in fiscal 2019 and 2018, respectively. Excluding hurricane recovery film sales, the division's net sales increased significantly more than reported results year-over-year. Additionally, the acquisition of Colorado Lining International, Inc. (CLI), which occurred in September of fiscal year 2018 as further described in Note 6 "Acquisitions and Investments in Businesses and Technologies" of the Notes to the Consolidated Financial Statements, contributed a total of \$21.6 million in sales for the first seven months of fiscal 2019. For the first seven months of fiscal 2018 the division generated \$4.1 million in sales to CLI as a customer. Although the Company does not specifically model comparative market share position for any of its operating divisions, based on the sales developments in fiscal year 2019 the Company believes that Engineered Films, in aggregate, has maintained or increased market share in its core business.

Engineered Film's operating income decreased by 16.1% to \$39.7 million from \$47.3 million in the prior year. The decrease in operating income was led by lower plant utilization from the reduction in hurricane recovery film sales and approximately \$2 million of cost over-runs on a large geomembrane installation project that was completed in the fourth quarter of fiscal 2019.

Aerostar Division

Fiscal 2019 net sales were up 27.4% to \$50.9 million compared to \$39.9 million in fiscal 2018. The increase in sales for the division was principally driven by higher sales of lighter-than-air products and services. Aerostar divested its client private business in the first quarter of fiscal 2019. Net sales from the client private business were \$0.3 million and \$5.6 million in fiscal 2019 and 2018, respectively. Excluding client private business sales, the division's net sales increased significantly more than reported results year-over-year. While it is particularly challenging to measure market share information for the Aerostar division and the Company does not specifically model comparative market share position for any of its operating divisions, the Company believes that Aerostar's sales growth was driven by market share gains and overall growth in the markets served.

Aerostar's operating income increased 98.4% to \$8.2 million from \$4.1 million in the prior year. The improved profitability was primarily due to increased leverage on higher sales volume, strong margins on aerostat contract deliveries and higher utilization of engineering support on service contracts.

RESULTS OF OPERATIONS - SEGMENT ANALYSIS

Applied Technology

Applied Technology designs, manufactures, sells, and services innovative precision agriculture products and information management tools, which are collectively referred to as precision agriculture equipment, that help farmers reduce costs, more precisely control inputs, and improve farm yields for the global agriculture market.

(dollars in thousands)	For the years ended January 31,				
	2020	% change	2019	% change	2018
Net sales	\$ 130,460	0.5 %	\$ 129,749	4.1 %	\$ 124,688
Gross profit	63,359	(3.7) %	65,778	20.3 %	54,682
Gross margin	48.6 %		50.7 %		43.9 %
Operating expense	\$ 32,687	22.3 %	\$ 26,734	15.4 %	\$ 23,166
Operating expense as % of sales	25.1 %		20.6 %		18.6 %
Long-lived asset impairment loss	\$ —		\$ —		\$ 259
Operating income ^(a)	30,672	(21.4) %	39,044	24.9 %	31,257
Operating margin	23.5 %		30.1 %		25.1 %

^(a) At the segment level, operating income does not include an allocation of general and administrative expenses.

For fiscal 2020, net sales increased \$0.8 million, or 0.5%, to \$130.5 million as compared to \$129.7 million in fiscal 2019. Operating income decreased \$8.3 million, or 21.4%, to \$30.7 million as compared to \$39.0 million in fiscal 2019.

Fiscal 2020 results compared to fiscal 2019 results were primarily driven by the following factors:

- **Market conditions.** In fiscal 2020, the North American agriculture market experienced a historically wet spring that resulted in poor planting conditions, reduced farmer incomes, and extended OEM production shutdowns. These factors, combined with continued low commodity prices and consistent concerns around U.S. - China trade tensions resulted in weak end-market demand in the ag industry. Despite industry challenges, Applied Technology drove growth through international markets and the continual release of innovative products that solve challenges for the Company's OEM and ag retail partners. Additionally, the Company launched Raven Autonomy™, which is expected to enable Applied Technology to become a market leader in autonomous agricultural solutions and is expected to substantially increase the division's addressable market. In the fourth quarter of fiscal 2020, the Company began executing on Raven Autonomy™ through the acquisition of Smart Ag and the acquisition of a majority ownership in DOT.
- **Sales volume and selling prices.** Geographically, domestic sales were down 0.9% and international sales were up 5.5% year-over-year, respectively. Higher sales volume of both new and existing products, rather than an increase in selling price, was the primary driver of the increase in Applied Technology.
- **International sales.** Net sales outside the U.S. accounted for 24.0% of segment sales in fiscal 2020 compared to 22.9% in fiscal 2019. International sales of \$31.3 million in fiscal 2020 increased \$1.6 million, or 5.5%, compared to fiscal 2019. The year-over-year increases in Latin America and Australia were partially offset by decreases in Canada and Europe.
- **Gross margin.** Gross margin decreased from 50.7% in fiscal 2019 to 48.6% in fiscal 2020. The year-over-year decrease in profitability was primarily driven by amortization of intangible assets related to the acquisition of Ag Sync and higher warranty expenses.

- *Operating expenses.* Fiscal 2020 operating expenses were 25.1% of net sales compared to 20.6% for the prior year. Operating expenses as a percentage of sales increased primarily due to higher investment in R&D activities and the investment in Raven Autonomy™, which consisted of R&D and selling expenses of \$2.8 million subsequent to the acquisition date.

For fiscal 2019, net sales increased \$5.0 million, or 4.1%, to \$129.7 million as compared to \$124.7 million in fiscal 2018. Operating income increased \$7.7 million, or 24.9%, to \$39.0 million as compared to \$31.3 million in fiscal 2018.

Fiscal 2019 results compared to fiscal 2018 results were primarily driven by the following factors:

- *Market conditions.* Corn surplus remained near an all-time high, and U.S. farm income has decreased over the last five years. Offsetting these general ag market challenges is the growing demand for machine replacements that have been deferred for several years. In order to drive growth in these challenging market conditions, the division continued to invest in the development and acquisition of market leading technologies. Applied Technology continually makes a significant investment in R&D to drive innovation and maintain a cadence of new product introductions to the market. Additionally, the division completed the acquisition of AgSync on January 1, 2019. Applied Technology will leverage this acquisition to enhance its Slingshot platform by delivering a logistics solution for ag retailers, custom applicators and enterprise farms. This strategic expansion of the Slingshot platform is an effort to provide further value to the end customer and grow the division's subscription-based service model.
- *Sales volume and selling prices.* Geographically, domestic and international sales were up 5.0% and 0.9% year-over-year, respectively. Higher sales volume of both new and existing products, rather than an increase in selling price, was the primary driver of this increase.
- *International sales.* Net sales outside the U.S. accounted for 22.9% of segment sales in fiscal 2019 compared to 23.6% in fiscal 2018. International sales of \$29.7 million in fiscal 2019 increased \$0.3 million, or 0.9%, compared to fiscal 2018. The year-over-year increases in Europe and Latin America were mostly offset by a decrease in Canada.
- *Gross margin.* Gross margin increased from 43.9% in fiscal 2018 to 50.7% in fiscal 2019. The year-over-year increase in profitability was primarily driven by increased leverage on higher sales volume and a reduction of manufacturing related engineering support. Engineering support related expenses may be allocated to overhead, and thus cost of sales, or R&D expenses based on the focus of the engineering effort.
- *Operating expenses.* Fiscal 2019 operating expenses were 20.6% of net sales compared to 18.6% for the prior year. Operating expenses as a percentage of sales increased primarily due to higher investment in R&D activities and approximately \$2 million in selling expenses related to the establishment of the division's Latin American headquarters in Brazil. The greenfield project to establish a direct presence in Latin America resulted in higher operating expenses while sales development activities increased. The division expects this investment to provide strong organic growth over the long-term. Partially offsetting this year-over-year increase in operating expenses were lower legal expenses, which included favorable legal recoveries.

Engineered Films

Engineered Films produces high-performance plastic films and sheeting for geomembrane, agricultural, construction, and industrial applications and also offers design-build and installation services of these plastic films and sheeting. Plastic film and sheeting can be purchased separately or together with installation services.

<i>(dollars in thousands)</i>	For the years ended January 31,				
	2020	% change	2019	% change	2018
Net sales	\$ 197,719	(12.7)%	\$ 226,574	6.2 %	\$ 213,298
Gross profit	38,166	(19.9)%	47,641	(15.3)%	56,255
Gross margin	19.3 %		21.0 %		26.4 %
Operating expenses	\$ 9,471	19.5 %	\$ 7,927	(11.2)%	\$ 8,931
Operating expenses as % of sales	4.8 %		3.5 %		4.2 %
Operating income ^(a)	\$ 28,695	(27.7)%	\$ 39,714	(16.1)%	\$ 47,324
Operating margin	14.5 %		17.5 %		22.2 %

^(a) At the segment level, operating income does not include an allocation of general and administrative expenses.

For fiscal 2020, net sales decreased \$28.9 million, or 12.7%, to \$197.7 million as compared to fiscal 2019. Operating income was \$28.7 million, down 27.7% for fiscal 2020 as compared to \$39.7 million for fiscal 2019.

Fiscal 2020 results compared to fiscal 2019 results were primarily driven by the following factors:

- *Market conditions.* In fiscal 2020, the division experienced weak demand across many of its end-markets, including construction, which experienced lower demand for hurricane recovery film. The Permian Basin saw a 15.6% decrease in rig counts from January 2019 to January 2020 as U.S. energy producers reduced investment in drilling and well completion activities. With lower rig counts, the division saw lower demand in the geomembrane (specifically the energy sub-market) market. The division completed Line 15 and announced Raven Composites™, which will enable Engineered Films to expand into the adjacent reinforced composites market.
- *Sales volume and selling prices.* As expected, the division saw a significant decrease in hurricane recovery film sales, from \$14.5 million in fiscal 2019 to \$1.9 million in fiscal 2020. Engineered Films also experienced a large decrease in sales into the geomembrane (specifically the energy sub-market) market, as a result of weak end-market demand, and a loss in market share in the industrial market. In the underlying business, pounds sold decreased significantly and there was a slight increase in average selling price per pound.
- *Gross margin.* Fiscal 2020 gross margin was 19.3%, 1.7 percentage points lower than the prior fiscal year. The decrease in gross margin percentage was led by lower operating leverage due to the reduction in sales volume and subsequent lower plant utilization and a higher proportion of installation service revenue.
- *Operating expenses.* Fiscal 2020 operating expenses, as a percentage of net sales, increased to 4.8%, from 3.5% in the prior year. The increase was driven by lower sales volume and increased selling expenses due to higher legal costs and higher bad debt expense.

For fiscal 2019, net sales increased \$13.3 million, or 6.2%, to \$226.6 million as compared to fiscal 2018. Operating income was \$39.7 million, down 16.1% for fiscal 2019 as compared to \$47.3 million for fiscal 2018.

Fiscal 2019 results compared to fiscal 2018 results were primarily driven by the following factors:

- *Market conditions.* The division's end-market conditions improved throughout most of fiscal 2019, with the exception of significantly lower demand for hurricane recovery film compared to fiscal 2018. While oil prices dipped into the \$50 per barrel range at the end of fiscal 2019, they averaged approximately \$64 per barrel throughout fiscal 2019 which drove a 12.6% increase in Permian Basin rig counts from January 2018 to January 2019. Lastly, the division began the commissioning process for Line 15 at the end of fiscal 2019 and started selling product in the first quarter of fiscal 2020. Line 15 is a new extrusion line designed to expand production capacity and capitalize on the growing end-market demand.
- *Sales volume and selling prices.* As expected, the year-over-year comparison was impacted by a reduction in hurricane recovery film sales. Net sales of hurricane recovery film were \$14.5 million and \$24.2 million in fiscal 2019 and 2018, respectively. Additionally, the acquisition of CLI, which occurred in September of fiscal year 2018, contributed a total of \$21.6 million in sales for the first seven months of fiscal 2019. For the first seven months of fiscal 2018 the division generated \$4.1 million in sales to CLI as a customer. Excluding the impact from hurricane recovery film sales and the impact of CLI prior to the anniversary of the acquisition, net sales of the underlying business achieved growth year-over-year. In the underlying business, pounds sold did not change significantly but there was a modest increase in average selling price per pound.
- *Gross margin.* Fiscal 2019 gross margin was 21.0%, 5.4 percentage points lower than the prior fiscal year. The decrease in gross margin percentage was led by lower plant utilization from the reduction in hurricane recovery film sales, a higher proportion of installation service revenue, and approximately \$2 million of cost over-runs on a large geomembrane installation project that was completed in the fourth quarter of fiscal 2019.
- *Operating expenses.* Fiscal 2019 operating expenses, as a percentage of net sales, decreased to 3.5%, from 4.2% in the prior year. The division reduced selling expenses while sales grew year-over-year.

Aerostar

Aerostar serves the aerospace and defense and commercial lighter-than-air markets. Aerostar's core products include high-altitude stratospheric platforms, technical services, and radar systems. These products can be integrated with additional third-party sensors to provide research, communications, and situational awareness capabilities to governmental and commercial customers.

(dollars in thousands)	For the years ended January 31,				
	2020	% change	2019	% change	2018
Net sales	\$ 54,443	7.0 %	\$ 50,867	27.4 %	\$ 39,915
Gross profit	22,222	16.0 %	19,165	80.7 %	10,608
Gross margin	40.8 %		37.7 %		26.6 %
Operating expenses	\$ 13,625	24.0 %	\$ 10,986	69.4 %	\$ 6,486
Operating expenses as % of sales	25.0 %		21.6 %		16.2 %
Operating income ^(a)	\$ 8,597	5.1 %	\$ 8,179	98.4 %	\$ 4,122
Operating margin	15.8 %		16.1 %		10.3 %

^(a) At the segment level, operating income (loss) does not include an allocation of general and administrative expenses.

Net sales for fiscal 2020 increased 7.0% to \$54.4 million from last year's net sales of \$50.9 million. Operating income increased \$0.4 million to \$8.6 million in fiscal 2020 compared to \$8.2 million in fiscal 2019.

Fiscal 2020 results compared to fiscal 2019 results were primarily driven by the following factors:

- *Market conditions.* Aerostar's markets are subject to significant fluctuation in demand due to the timing of contract awards and unpredictability surrounding government spending.
- *Sales volume.* As a result of advancements in Aerostar's radar and stratospheric platforms, the division experienced year-over-year sales growth. In fiscal 2020, the division began delivering on its five-year \$36 million radar systems contract and growth in stratospheric platforms was driven by increased sales volume to Loon LLC, a subsidiary of Alphabet Inc.
- *Gross margin.* For fiscal 2020, gross margin increased 3.1 percentage points compared to the prior fiscal year. The improved profitability was primarily due to increased leverage on higher sales volume and strong margins on aerostat contract deliveries in the fourth quarter.
- *Operating expenses.* Operating expenses as a percentage of net sales increased 3.4 percentage points compared to the prior year. Fiscal 2020 operating expenses were \$13.6 million, or 25.0% of net sales, compared to operating expenses of \$11.0 million, or 21.6% of net sales in fiscal 2019. The increase in operating expenses as a percentage of net sales was primarily driven by higher investment in R&D and higher selling expenses as compared to the prior year.

Net sales for fiscal 2019 increased 27.4% to \$50.9 million from fiscal 2018 net sales of \$39.9 million. Operating income increased \$4.1 million to \$8.2 million in fiscal 2019 compared to \$4.1 million in fiscal 2018.

Fiscal 2019 results compared to fiscal 2018 results were primarily driven by the following factors:

- *Market conditions.* Aerostar's markets are subject to significant variability in demand due to government spending uncertainties and the timing of contract awards. During fiscal 2019, the division continued to develop its capabilities in the emerging stratospheric balloon market beyond those developed in collaboration with Loon LLC. The division also remained focused on radar products and services and during fiscal year 2019 the division was awarded a new five-year \$36 million radar systems contract with the U.S. Naval Air Warfare Center Aircraft Division.
- *Sales volume.* The increase in sales for the division was driven primarily by higher sales of lighter-than-air products and services. In the first quarter of fiscal 2019 the division divested its client private business. The client private business generated net sales of \$0.3 million and \$5.6 million in fiscal 2019 and 2018, respectively. Excluding net sales associated with the client private business, the division's net sales increased significantly year-over-year when compared to reported results.
- *Gross margin.* For fiscal 2019, gross margin increased 11.1 percentage points compared to the prior fiscal year. The improved profitability was primarily due to increased leverage on higher sales volume, strong margins on aerostat contract deliveries and higher utilization of engineering support on service contracts. Given the contract-based nature of this division, gross margin for Aerostar can vary considerably based on the timing and magnitude of contracts.
- *Operating expenses.* Operating expenses as a percentage of net sales increased 5.4 percentage points compared to the prior year. Fiscal 2019 operating expenses were \$11.0 million, or 21.6% of net sales, compared to operating expenses of \$6.5 million, or 16.2% of net sales in fiscal 2018. The increase in operating expenses as a percentage of net sales was primarily driven by higher investment in R&D activities as compared to the prior year.

Corporate Expenses (administrative expenses; other income (expense), net; and effective tax rate)

<i>(dollars in thousands)</i>	For the years ended January 31,		
	2020	2019	2018
Administrative expenses	\$ 28,025	\$ 31,769	\$ 23,553
Administrative expenses as a % of sales	7.3 %	7.8 %	6.2 %
Other income (expense), net	\$ 95	\$ 6,437	\$ (184)
Effective tax rate	13.5 %	15.7 %	30.5 %

Administrative expenses decreased \$3.7 million in fiscal 2020 compared to fiscal 2019. The prior year included \$1.3 million of additional Project Atlas related expenses and a \$4.5 million one-time gift to SDSU. Project Atlas related expenses were \$2.7 million and \$4.0 million in fiscal 2020 and fiscal 2019, respectively. These decreases were partially offset by higher acquisition related expenses for merger and acquisition activity during fiscal 2020.

Other income (expense), net consists primarily of activity related to the Company's equity investments, interest income, foreign currency transaction gains or losses, amortization of debt issuance costs, and other fees related to the Company's credit facility further described in Note 11 "Financing Arrangements" of the Notes to the Consolidated Financial Statements. In fiscal 2019 other income (expense), net included a \$5.8 million gain on the divestiture of the Company's equity interest in SST.

The Company's fiscal 2020 effective tax rate was 13.5% compared to 15.7% in the prior year. The decrease in the effective tax rate for fiscal 2020 was driven primarily by the decrease in current year profitability that resulted in a higher R&D tax credit as a percentage of pre-tax income. For further information regarding the change in effective tax rates, refer to Note 10 "Income Taxes" of the Notes to the Consolidated Financial Statements.

LIQUIDITY AND CAPITAL RESOURCES

The Company's balance sheet continues to reflect significant liquidity and a strong capital base. Management focuses on the current cash balance and operating cash flows in considering liquidity, as operating cash flows have historically been the Company's primary source of liquidity. Management expects that current cash, combined with the generation of positive operating cash flows and credit facility access, will be sufficient to fund the Company's normal operating, investing, and financing activities beyond the next twelve months.

In fiscal 2020, the Company replaced its previous credit facility with a new, three-year, \$100 million senior revolving credit facility which includes a \$100 million borrowing availability expansion feature. This allows the Company's total borrowing capacity to reach \$200 million. This new credit facility has a maturity date of September 20, 2022.

The Company's cash balances and cash flows were as follows:

<i>(dollars in thousands)</i>	For the years ended January 31,		
	2020	2019	2018
Cash and cash equivalents	\$ 20,707	\$ 65,787	\$ 40,535

<i>(dollars in thousands)</i>	For the years ended January 31,		
	2020	2019	2018
Cash provided by operating activities	\$ 54,872	\$ 65,952	\$ 44,961
Cash used in investing activities	(58,609)	(16,444)	(25,675)
Cash used in financing activities	(40,887)	(23,755)	(29,721)
Effect of exchange rate changes on cash and cash equivalents	(456)	(501)	322
Net increase (decrease) in cash and cash equivalents	\$ (45,080)	\$ 25,252	\$ (10,113)

Cash and cash equivalents totaled \$20.7 million at January 31, 2020, compared to \$65.8 million at January 31, 2019, a decrease of \$45.1 million. The year-over-year decrease in cash was primarily driven by the acquisition of Smart Ag and the acquisition of a majority ownership in DOT in the fourth quarter of 2020. These acquisitions are more fully described in Note 6 "Acquisitions and Investments in Businesses and Technologies" of these consolidated financial statements.

At January 31, 2020, the Company held cash and cash equivalents of \$6.7 million in accounts outside the United States. These balances included undistributed earnings of foreign subsidiaries. As of January 31, 2020, the Company has no deferred tax liability recognized relating to the Company's investment in foreign subsidiaries where the earnings have been indefinitely reinvested. The TCJA generally eliminates U.S. federal income taxes on dividends from foreign subsidiaries, and as a result, the accumulated undistributed earnings would only be subject to other taxes, such as withholding taxes and state income taxes, on distribution of such earnings. No additional withholding or income taxes has been provided for any remaining undistributed foreign earnings not subject to the one-time deemed repatriation tax, as it is the Company's intention for these amounts to continue to be indefinitely reinvested in foreign operations. The Company's liquidity is not materially impacted by the amount held in accounts outside of the United States as the Company's operating cash flows are primarily driven by U.S. sources.

Operating Activities

Operating cash flows result primarily from cash received from customers, which is offset by cash payments for inventories, services, employee compensation, and income taxes. Cash provided by operating activities was \$54.9 million in fiscal 2020, \$66.0 million in fiscal 2019 and \$45.0 million in fiscal 2018. The \$11.1 million decrease in operating cash flows in fiscal 2020 as compared to fiscal 2019 is primarily due to lower net income. The \$21.0 million increase in operating cash flows in fiscal 2019 as compared to fiscal 2018 was primarily due to an increase in net income and relatively stable net working capital requirements.

The Company's cash needs have minimal seasonal trends. As a result, the discussion of trends in operating cash flows focuses on the primary drivers of year-over-year variability in net working capital. Net working capital and net working capital percentage are metrics used by management as a guide in measuring the efficient use of cash resources to support business activities and growth. The Company's net working capital for the comparative periods was as follows:

<i>(dollars in thousands)</i>	For the years ended January 31,		
	2020	2019	2018
Accounts receivable, net	\$ 62,552	\$ 54,472	\$ 58,532
Plus: Inventories, net	53,899	54,076	55,351
Less: Accounts payable	14,893	8,272	13,106
Net working capital ^(a)	\$ 101,558	\$ 100,276	\$ 100,777
Annualized net sales ^(b)	\$ 343,044	\$ 352,088	\$ 383,292
Net working capital percentage ^(c)	29.6 %	28.5 %	26.3 %

^(a) Net working capital is defined as accounts receivable, (net) plus inventories less accounts payable.

^(b) Annualized net sales is defined as fourth quarter net sales during the applicable fiscal year multiplied by four.

^(c) Net working capital percentage is defined as net working capital divided by annualized sales.

Net working capital percentage deteriorated from 28.5% at January 31, 2019, to 29.6% at January 31, 2020. Net working capital saw a slight increase year-over-year, driven by higher accounts receivable, partially offset by an increase in accounts payable. The year-over-year change in net working capital percentage was driven by stable net working capital levels in combination with the decrease in net sales year-over-year.

Inventory levels were down \$0.2 million, or 0.3% from \$54.1 million at January 31, 2019, to \$53.9 million at January 31, 2020. In comparison, net sales decreased \$2.3 million or 2.6% year-over-year in the fourth quarter. The Company believes the underlying inventory balance decreased as a result of the decrease in net sales year-over-year in the fourth quarter. Inventory levels decreased \$1.3 million, or 2.3% from \$55.4 million at January 31, 2018 to \$54.1 million at January 31, 2019, driven by the decrease in sales. In comparison, net sales decreased \$7.8 million or 8.1% year-over-year in the fourth quarter.

Accounts receivable levels increased \$8.1 million, or 14.8% from \$54.5 million at January 31, 2019, to \$62.6 million at January 31, 2020. In comparison, net sales decreased \$2.3 million or 2.6% year-over-year in the fourth quarter. The increase in accounts receivable was primarily driven by the timing and fulfillment of sales orders during the fourth quarter for Applied Technology and higher unbilled receivables for AeroStar due to timing of billings and fulfillment of certain service contracts. Accounts receivable levels decreased \$4.0 million, or 6.9%, from \$58.5 million at January 31, 2018, to \$54.5 million at January 31, 2019, due primarily to decreased sales volume. In comparison, net sales decreased \$7.8 million or 8.1% year-over-year in the fourth quarter.

Accounts payable increased \$6.6 million, or 80.0% to \$14.9 million at January 31, 2020, from \$8.3 million at January 31, 2019. The timing of purchases and related payments in the fourth quarter of fiscal 2020 compared to the fourth quarter of fiscal 2019 led to an increase in the accounts payable balance year-over-year. Accounts Payable decreased \$4.8 million, or 36.9%, year-

over-year from \$13.1 million at January 31, 2018, to \$8.3 million at January 31, 2019, primarily due to timing of payments to suppliers and purchases. In fiscal 2019, accounts payable were actively reduced prior to Engineered Films' go-live on Project Atlas to mitigate the risk of late payment during the cut-over process.

Investing Activities

Cash used in investing activities totaled \$58.6 million in fiscal 2020, \$16.4 million in fiscal 2019, and \$25.7 million in fiscal 2018. Capital expenditures totaled \$8.6 million in fiscal 2020 compared to \$14.1 million in fiscal 2019 and \$12.0 million in fiscal 2018. The primary drivers of the increase in cash outflows in fiscal 2020 were the acquisition of Smart Ag and a majority ownership in DOT. The primary drivers of the decrease in cash outflows in fiscal 2019 were proceeds from the sale of non-core assets and a reduction in cash used for acquisitions.

Management anticipates capital spending of approximately \$25 million in fiscal 2021 primarily for facility expansion and capital investments in Engineered Films and Applied Technology to support the growth of Raven Composites™ and Raven Autonomy™.

Financing Activities

Financing activities consumed cash of \$40.9 million in fiscal 2020 compared with \$23.8 million in fiscal 2019 and \$29.7 million in fiscal 2018.

Dividends paid were \$18.7 million, \$18.8 million and \$18.7 million in fiscal years 2020, 2019, and 2018, respectively. Dividends per share were \$0.52 in all three years.

In fiscal 2016, the Company began to repurchase common shares as part of the \$40.0 million share repurchase plan authorized by the Company's Board of Directors. Since that time, the Board has provided additional authorizations bringing the total amount authorized under the plan to \$75.0 million at January 31, 2020. The Company made share repurchases throughout fiscal 2020, totaling \$10.8 million. Approximately \$17.2 million of the total authorization remains available for share repurchases under this plan as of January 31, 2020.

Other Liquidity and Capital Resources

In fiscal 2020, the Company replaced its previous credit facility with a three-year \$100 million senior revolving credit facility which includes a \$100 million borrowing availability expansion feature. This Credit Agreement is more fully described in Note 11 "Financing Arrangements" of the Notes to the Consolidated Financial Statements. There were no borrowings outstanding for any of the fiscal periods covered by this Form 10-K. Availability under the Credit Agreement for borrowings as of January 31, 2020, was \$100 million.

Letters of credit (LOC) totaling \$0.1 million and \$0.5 million were outstanding at January 31, 2020 and 2019. Any draws required under the LOCs would be settled with available cash or borrowings under the Credit Agreement.

The Credit Agreement contains customary affirmative and negative covenants, including those relating to financial reporting and notification, limits on levels of indebtedness and liens, investments, mergers and acquisitions, affiliate transactions, sales of assets, restrictive agreements, and change in control as defined in the Credit Agreement. Financial covenants include an interest coverage ratio and funded indebtedness to earnings before interest, taxes, depreciation, and amortization as defined in the Credit Agreement. The Company is in compliance with all financial covenants set forth in the Credit Agreement.

The Company launched a company-wide initiative during the third quarter of fiscal 2018 called Project Atlas. This is a strategic and long-term investment to replace the Company's existing ERP platform. This investment will drive efficiencies across the enterprise, enable faster integration of future acquisitions, automate a significant portion of internal controls, and enhance the Company's execution of its long-term growth strategy. Engineered Films and Aerostar went live on the Company's new ERP platform in fiscal 2020. Applied Technology is expected to go live in the first half of fiscal year 2022. The total project is expected to cost approximately \$12 million. The Company recognized \$2.7 million of expenses for Project Atlas in fiscal 2020 and \$4.0 million in fiscal 2019. Project Atlas spending is expected to be approximately \$3.5 million in fiscal year 2021.

OFF-BALANCE SHEET ARRANGEMENTS AND CONTRACTUAL OBLIGATIONS

As of January 31, 2020, the Company is obligated to make cash payments in connection with its non-cancelable operating leases for facilities and equipment, financing lease obligations and unconditional purchase obligations, primarily for raw materials. Additionally, the Company's known off-balance sheet debt and other unrecorded obligations at January 31, 2020, are listed in the table below.

<i>(dollars in thousands)</i>	Total	Less than 1 year	2-3 years	4-5 years	More than 5 years
Long term notes and credit facility	\$ 453	\$ 85	\$ 143	\$ 225	\$ —
Financing lease obligations	536	271	244	21	—
Operating leases	4,964	2,406	1,622	366	570
Unconditional purchase obligations	32,264	32,264	—	—	—
Postretirement benefits	16,554	337	693	699	14,825
Acquisition-related contingent payments	3,114	775	2,339	—	—
Contractual Gift Agreement	2,855	715	1,430	710	—
Redeemable noncontrolling interest	20,959	18,048	2,911	—	—
Uncertain tax positions	2,606	—	—	—	—
	<u>\$ 84,305</u>	<u>\$ 54,901</u>	<u>\$ 9,382</u>	<u>\$ 2,021</u>	<u>\$ 15,395</u>

Long-term notes and credit facility

The Company entered into a credit facility on September 20, 2019, with Bank of America, N. A., as administrative agent, and Wells Fargo Bank, National Association (the Credit Agreement). The Credit Agreement provides for a syndicated senior revolving credit facility up to \$100,000 with a maturity date of September 20, 2022. Loan proceeds may be utilized by Raven for strategic business purposes, such as business acquisitions, and for net working capital needs.

The Company is party to a financial assistance agreement (Agreement) between DOT and Western Economic Diversification Canada (WEDC), a government agency in Canada, that was entered into in August 2019. Under the Agreement, the WEDC agrees to contribute up to \$5,000 over a three year period for costs incurred to develop a cloud-based distribution and service channel for a particular DOT product being developed. DOT is eligible to receive contributions for costs incurred for purposes specified in the Agreement. The Company is required to repay the funds contributed by WEDC in 60 monthly installments commencing April 1, 2023, plus interest based on an average bank rate plus three percent, accruing from the payment commencement date. As of January 31, 2020, the Company had received \$225 in contributions from WEDC and no repayments have been made. The outstanding liability balance is reported as "Long-term borrowings" on the Consolidated Balance Sheets.

Lease obligations

The Company's financing lease obligations are primarily related to vehicles and equipment to support general business operations. Operating leases are primarily related to facilities to support production, R&D, and sales efforts.

Unconditional purchase obligations

Unconditional purchase obligations consist of those for inventory and other obligations that arise in the normal course of business operations. The majority of these are related to the purchase of raw material inventories in the Applied Technology and Engineered Films divisions.

Postretirement benefit obligation

The Company previously provided postretirement medical and other benefits to certain senior executive officers and senior managers. At January 31, 2020, seventeen participants remained eligible to receive postretirement medical and other benefits for their lifetimes. Postretirement benefit amounts presented in the table above represent expected payments on the accumulated postretirement benefit obligation before it is discounted. This benefit obligation is unfunded and is further described in Note 8 "Employee Postretirement Benefits" of the Notes to the Consolidated Financial Statements.

Acquisition-related obligations

The Company has future obligations for earn-out payments associated with the acquisition of SBG, completed in fiscal 2015; CLI, completed in fiscal 2018; and AgSync, completed in fiscal 2019. The total liability recorded on the Consolidated Balance Sheet as of January 31, 2020, related to these future obligations was \$2.9 million. These liabilities recorded represent the present value of earn-out payments classified as consideration at the acquisition date.

Contractual gift agreement

The Company has future obligations related to a gift agreement with the South Dakota State University Foundation, Inc. (the Foundation) effective in January 2018. This gift will be used by SDSU, located in Brookings, SD, for the establishment of a precision agriculture facility to support SDSU's Precision Agriculture degrees and curriculum. This facility will assist the Company in further collaboration with faculty, staff, and students on emerging technology in support of the growing need for precision agriculture practices and tools. The Company will make a \$5.0 million gift to the Foundation in annual installments throughout the term of the agreement. The liability recorded for this contingency at January 31, 2020, was \$2.6 million (measured based on the present value of the expected future cash outflows).

Redeemable noncontrolling interest

Related to the Company's majority ownership in DOT, the Company has call rights to purchase shares held by the noncontrolling interest shareholders at a price derived from a specific formula. The noncontrolling interest shareholders also have put rights allowing them to sell their minority interest back to the Company at a price derived from a specific formula. Due to the redemption features in these put rights, the minority interest shareholders' value of shares owned is classified as a redeemable noncontrolling interest in the Company's Consolidated Balance Sheets. At January 31, 2020, redeemable noncontrolling interests were reported at their carrying value of \$21.3 million, as the carrying value was greater than the estimated redemption value.

In March 2020, the Company was required to redeem the remaining noncontrolling interest in DOT after the minority interest shareholders exercised their put options. The redeemable amount is \$21.0 million, of which \$18.0 million is payable within ninety days of the put notice and the remaining \$3.0 million is payable in November 2021. The Company has reflected these expected payments in the table above.

Uncertain tax positions

Raven reported a total liability for uncertain tax positions of \$2.6 million at January 31, 2020. The Company is not able to reasonably estimate the timing of future payments relating to these non-current tax benefits. This obligation is retired when the uncertain tax position is settled or the applicable tax year is no longer subject to examination by the tax authorities.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Critical accounting policies are those that require the application of especially challenging, subjective, or complex judgment when valuing assets and liabilities on the Company's balance sheet. These policies and estimates are discussed below because a fluctuation in actual results versus expected results could materially affect operating results and because the policies require significant judgments and estimates to be made. Accounting related to these policies is initially based on best estimates at the time of original entry in the accounting records. Adjustments are periodically recorded when, and if, the Company's actual experience differs from the expectations underlying the estimates. These adjustments could be material if experience were to vary significantly from expectations.

Revenue Recognition

Revenue is recognized when control of the promised goods or services are transferred to our customers, in an amount that reflects the consideration we expect to be entitled to in exchange for transferring goods or providing services. The Company accounts for a contract when it has approval and commitment from both parties, the rights of the parties are identified, payment terms are identified, the contract has commercial substance, and collectability of consideration is probable.

When determining whether the customer has obtained control of the goods or services, the Company considers any future performance obligations. Generally, there is no post-shipment obligation on products sold other than warranty obligations in the normal and ordinary course of business. In the event significant post-shipment obligations were to exist, revenue recognition would be deferred until the Company has substantially accomplished what it must do to be entitled to the benefits represented by the revenue. Estimated returns, sales allowances, and warranty charges, if applicable, are recorded at the time revenue is recorded.

Goodwill Impairment

The Company recognizes goodwill as the excess cost of an acquired business over the net amount assigned to assets acquired and liabilities assumed. Management assesses goodwill for impairment annually during the fourth quarter and between annual tests whenever a triggering event indicates there may be an impairment. When performing goodwill impairment testing, the fair values of reporting units are determined based on valuation techniques using the best available information, primarily discounted cash flow projections. Such valuations are derived from valuation techniques in which one or more significant inputs are not observable (Level 3 fair value measures).

The Company performs impairment reviews of goodwill by reporting unit. For fiscal years 2018 and 2019 the Company determined it had three reporting units: Engineered Films Division; Applied Technology Division; and Aerostar Division. For fiscal year 2020, the Company determined it had four reporting units: Engineered Films, Applied Technology (excluding Autonomy), Autonomy, and Aerostar.

During the annual impairment review process the Company first performs a step zero qualitative impairment assessment over relative events and circumstances to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying value. Although not all inclusive, these events and circumstances assessed include the Company's stock price, macroeconomic conditions, industry and market considerations, change in cost factors and adverse changes in financial performance such as declines in projected revenues, earnings and cash flows. If events and circumstances indicate the fair value

of a reporting unit is less than its carrying value, a step one quantitative analysis is performed. The Company also has the option of bypassing the step zero qualitative impairment assessment by proceeding directly to the step one quantitative goodwill impairment test during the annual review process.

In step one of the goodwill impairment analysis (quantitative analysis), the fair value of each reporting unit is determined using a discounted cash flow analysis. If the reporting unit's carrying value exceeds its fair value, a goodwill impairment loss is recorded for this amount in the current period.

Projecting discounted future cash flows requires the Company to make significant estimates and assumptions regarding future revenues and expenses, projected capital expenditures, changes in net working capital, and the appropriate discount rate. In developing the discounted cash flow analysis, assumptions about the revenue growth rate, operating profit margin percentage, capital expenditures, and changes in net working capital reference both the Company's annual operating plan (budget) and long-term strategic plan for each of the Company's reporting units; however, they also reflect the best available information at that time and as appropriate reflect market participant assumptions if such amounts might differ from the Company-specific assumptions for each of the Company's reporting units.

Discount rate assumptions for each reporting unit include the Company's estimated weighted average cost of capital, derived using both known and estimated customary market metrics, and management's assessment of risks inherent to the future cash flows of the respective reporting unit. One of the metrics considered by the Company in its selection of a discount rate is the relevant small company size premium appropriate to the reporting unit for which the valuation is being assessed. Generally, the lower the revenues associated with a reporting unit, the higher the small company premium and the higher the discount rate for that reporting unit. Other factors, such as the optimal capital structure assumed for the reporting unit, will likely result in a different discount rate assumption for each reporting unit being evaluated and may result in the discount rate for each reporting unit varying from year-over-year.

During fiscal 2020 and fiscal 2019 there were no triggering events with respect to any of the Company's reporting units. Based on the Company's annual qualitative assessment for its reporting units, the Company determined a quantitative analysis was not necessary for fiscal 2020 or fiscal 2019. No goodwill impairment losses were recorded for fiscal 2020 or fiscal 2019.

During fiscal 2018 there were no triggering events with respect to any of the Company's reporting units. Based on the Company's annual qualitative assessment for the Applied Technology and Engineered Films reporting units, the Company determined a quantitative analysis was not necessary for fiscal 2018. For the Aerostar reporting unit, the Company determined the excess of the fair value of the reporting unit over its carrying value in the previous year's annual impairment assessment was not significant enough based upon the then current macroeconomic conditions to perform a qualitative analysis. As such, the Company performed a quantitative analysis for the annual impairment assessment of the Aerostar reporting unit. In determining the estimated fair value of the Aerostar reporting unit, the Company was required to estimate a number of factors, including projected revenue growth rates, projected operating income results, terminal growth rates, economic conditions, anticipated future cash flows, and the discount rate. This analysis indicated that the estimated fair value of the Aerostar reporting unit exceeded the net book value by approximately \$12 million, or approximately 41%, therefore, no goodwill impairment losses were recorded for fiscal year 2018 for the Aerostar reporting unit.

The discount rate and terminal growth rate used in determination of the Aerostar reporting unit's fair value in fiscal year 2018 were 13.0% and 3.0%, respectively. Using the discount rate and terminal growth rate to illustrate sensitivity on this estimated fair value, a one-half percentage point increase in the discount rate or a one-half percentage point decrease in the terminal growth rate would have reduced the fair value of the Aerostar reporting unit by \$1.5 million and \$0.5 million, respectively.

Intangible Assets

Intangible assets are comprised of existing technology, customer relationships, and other definite-lived and indefinite-lived intangible assets. Identifiable intangible assets resulting from the acquisitions of entities accounted for using the purchase method of accounting are estimated by management based on the fair value of assets received. The Company typically uses an income method to estimate the fair value of intangible assets, which is based on forecasts of the expected future cash flows attributable to the respective assets. Significant estimates and assumptions are inherent in the valuation of intangible assets. The valuation of intangibles takes into consideration other marketplace participants, and includes the amount and timing of future cash flows (including expected growth rates, discount rates, and profitability), royalty rates, customer attrition rates, and product obsolescence factors. Unanticipated market or macroeconomic events and circumstances may occur, which could affect the accuracy or validity of the estimates and assumptions. Significant judgment is required to estimate the value of intangibles and in assigning their respective useful lives. Accordingly, the Company typically engages third-party valuation specialists, who work under the direction of management, to assist in valuing intangible assets acquired.

The Company amortizes definite-lived assets over their estimated useful lives. Identifiable definite-lived intangible assets are being amortized over the period of estimated benefit using the straight-line method and the undiscounted cash flows method.

Estimated useful lives range from three to twenty years. The Company evaluates definite-lived and indefinite-lived assets for impairment whenever events or changes in circumstances indicate the carrying value of an asset may not be recoverable. The carrying value is not recoverable if it exceeds the undiscounted cash flows resulting from the use of the asset and its eventual disposition. The Company's estimates of future cash flows attributable to its assets require significant judgment based on the Company's historical and anticipated results. The Company considers various factors that could trigger an impairment review. These factors include the Company's business strategy, negative industry or economic trends, loss of customers, and changes in the manner of how the Company uses its acquired assets.

When the Company determines that the carrying value of the assets may not be recoverable based upon the existence of one or more of the above indicators of impairment, we measure the potential impairment based on a projected discounted cash flow method using a discount rate determined by our management to be commensurate with the risk inherent in our current business model. An impairment loss is recognized only if the carrying amount of the asset is not recoverable and exceeds the asset's fair value. Different assumptions and judgments could materially affect the calculation of the fair value of our assets.

Acquired indefinite-lived intangible assets related to in-process R&D are capitalized and subject to impairment testing until completion or abandonment of the projects to which the R&D relates. Upon successful completion of each project, the Company makes a separate determination of useful lives of the acquired indefinite-lived intangible assets and the related amortization is recorded as an expense over the estimated useful lives of the specific projects. Indefinite-lived intangible assets are subject to an annual assessment for impairment using a fair-value based test.

The Company acquired \$31.3 million of in-process R&D intangible assets in business combinations transacted during the fourth quarter of fiscal 2020. These assets are accounted for as indefinite-lived intangible assets. The Company expects the R&D projects related to the in-process R&D intangible assets acquired will be completed in fiscal 2021. The useful lives of the intangible assets acquired will range from seven to ten years.

ACCOUNTING PRONOUNCEMENTS

See Note 1 "Summary of Significant Accounting Policies" of the Notes to the Consolidated Financial Statements included in Item 8 of this Form 10-K for a summary of recent accounting pronouncements.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this report are "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, including statements regarding the expectations, beliefs, intentions or strategies regarding the future, not past or historical events. Without limiting the foregoing, the words "anticipates," "believes," "expects," "intends," "may," "plans," "should," "estimate," "would," "will," "predict," "project," "potential," and similar expressions are intended to identify forward-looking statements. However, the absence of these words or similar expressions does not mean that a statement is not forward-looking. The Company intends that all forward-looking statements be subject to the safe harbor provisions of the Private Securities Litigation Reform Act.

Although the Company believes that the expectations reflected in such forward-looking statements are based on reasonable assumptions when made, there is no assurance that such assumptions are correct or that these expectations will be achieved. Assumptions involve important risks and uncertainties that could significantly affect results in the future. These risks and uncertainties include, but are not limited to, those relating to weather conditions, which could affect sales and profitability in some of the Company's primary markets, such as agriculture and construction and oil and gas drilling; or changes in raw material availability, commodity prices, competition, technology or relationships with the Company's largest customers, risks and uncertainties relating to development of new technologies to satisfy customer requirements, possible development of competitive technologies, ability to scale production of new products without negatively impacting quality and cost, risks of operating in foreign markets, risks relating to acquisitions, including risks of integration or unanticipated liabilities or contingencies, and ability to finance investment and net working capital needs for new development projects, any of which could adversely impact any of the Company's product lines, risks of litigation, as well as other risks described in Item 1A "Risk Factors" of this Annual Report on Form 10-K. The foregoing list is not exhaustive and the Company disclaims any obligation to subsequently revise any forward-looking statements to reflect events or circumstances after the date of such statements. Past financial performance may not be a reliable indicator of future performance and historical trends should not be used to anticipate results or trends in future periods.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The exposure to market risks pertains mainly to changes in interest rates on cash and cash equivalents. The Company's outstanding debt as of January 31, 2020, relates to a long-term note with an outstanding balance of \$0.2 million and an immaterial amount of financing lease obligations. The Company does not expect net income or cash flows to be significantly affected by changes in interest rates.

The Company's subsidiaries that operate outside the United States use their local currency as the functional currency. The functional currency is translated into U.S. dollars for balance sheet accounts using the period-end exchange rates and average exchange rates for the statement of income. Cash and cash equivalents held in foreign currency (primarily Euros and Canadian dollars) totaled \$5.3 million and \$4.1 million at January 31, 2020 and 2019, respectively. Adjustments resulting from financial statement translations are included as cumulative translation adjustments in "Accumulated other comprehensive income (loss)" within shareholders' equity. Foreign currency transaction gains or losses are recognized in the period incurred and are included in "Other income (expense), net" in the Consolidated Statements of Income and Comprehensive Income. Foreign currency fluctuations had no material effect on the Company's financial condition, results of operations, or cash flows.

The Company does not enter into derivatives or other financial instruments for trading or speculative purposes. However, the Company does utilize derivative financial instruments to manage the economic impact of fluctuation in foreign currency exchange rates on those transactions that are denominated in currency other than its functional currency, which is the U.S. dollar. Such transactions are principally Canadian dollar-denominated transactions. The use of these financial instruments had no material effect on the Company's financial condition, results of operations, or cash flows in any of the three previous years.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rule 13a-15(f) of the Securities Exchange Act of 1934, as amended. Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

Our internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of our assets that could have a material effect on the financial statements.

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

Management has assessed effectiveness of the Company's internal control over financial reporting as of January 31, 2020. In making this assessment of effectiveness of internal control over financial reporting, management excluded from this assessment the internal control over financial reporting at Dot Technology Corp., of which a majority ownership was acquired on November 13, 2019. The total assets and operating income of Dot Technology Corp. represent approximately 2% and (4%), respectively, of the Company's related consolidated financial statement amounts as of and for the year ended January 31, 2020.

In making its assessment of effectiveness of internal control over financial reporting, management used the criteria described by the Committee of Sponsoring Organizations of the Treadway Commission in *Internal Control - Integrated Framework* (2013). Based on this assessment using those criteria, we concluded that, as of January 31, 2020, the Company's internal control over financial reporting was effective at a reasonable assurance level.

The effectiveness of our internal control over financial reporting as of January 31, 2020, has been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report, which appears on the next page.

/s/ DANIEL A. RYKHUS

Daniel A. Rykhus

President and Chief Executive Officer

/s/ STEVEN E. BRAZONES

Steven E. Brazones

Vice President and Chief Financial Officer

March 26, 2020

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholders and the Board of Directors of Raven Industries, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Raven Industries, Inc. and subsidiaries (the "Company") as of January 31, 2020 and 2019, the related consolidated statements of income and comprehensive income, shareholders' equity, and cash flows, for each of the three years in the period ended January 31, 2020, and the related notes and the schedule listed in the Index at Item 15 (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of January 31, 2020 and 2019, and the results of its operations and its cash flows for each of the three years in the period ended January 31, 2020, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of January 31, 2020, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 26, 2020, expressed an unqualified opinion on the Company's internal control over financial reporting.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current-period audit of the financial statements that was communicated or required to be communicated to the audit committee and that (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Acquisitions and Investments in Businesses and Technologies — In-Process Research and Development Intangible Assets — Refer to Notes 1 and 6

Critical Audit Matter Description

The Company completed the acquisition of Smart Ag, Inc. and a majority ownership in Dot Technology Corp. ("DOT") for an aggregate purchase price of approximately \$54 million during fiscal 2020. The Company accounted for the acquisitions of these businesses using the acquisition method of accounting. Accordingly, the purchase price was allocated to the assets acquired and liabilities assumed based on their respective fair values, including intangible assets of approximately \$31 million for in-process research and development ("IPR&D"). Management estimated the fair value of the IPR&D intangible asset using the multi-period excess earnings method. The fair value determination of the IPR&D intangible asset required management to make significant estimates and assumptions related to the selection of the discount rate and the amount and timing of future cash flows, including expected growth rates, product obsolescence factors, and profitability.

Given the significance of the DOT IPR&D intangible asset and given the fair value determination of the DOT IPR&D intangible asset requires management to make significant estimates and assumptions related to the selection of the discount rate and the amount and timing of future cash flows, including expected growth rates, product obsolescence factors and profitability, performing audit procedures to evaluate the reasonableness of these estimates and assumptions for the DOT IPR&D intangible

asset required a high degree of auditor judgment and an increased extent of effort, including the need to involve our fair value specialists.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to management's judgments regarding the selection of the discount rate and the amount and timing of future cash flows, including expected growth rates, product obsolescence factors, and profitability for the DOT IPR&D intangible asset included the following, among others:

- We tested the effectiveness of controls over the valuation of the IPR&D intangible asset, including management's controls over the selection of the discount rate and forecasts of expected growth rates, product obsolescence factors, and profitability.
- We evaluated the reasonableness of management's forecasts of expected growth rates, product obsolescence factors, and profitability by evaluating the source information and assumptions used by management and by comparing the projections to (1) internal communications to management and the Board of Directors, (2) management's estimates of market demand including consideration of external market sources, (3) historical order and cost activity, and (4) external information on obsolescence factors of similar assets.
- With the assistance of our fair value specialists, we evaluated the reasonableness of the discount rate by:
 - Testing the source information underlying the determination of the discount rate and testing the mathematical accuracy of the calculation.
 - Developing a range of independent estimates and comparing those to the discount rate selected by management.

/s/ Deloitte & Touche LLP
Minneapolis, Minnesota
March 26, 2020

We have served as the Company's auditor since 2017.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholders and the Board of Directors of Raven Industries, Inc.

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of Raven Industries, Inc. and subsidiaries (the “Company”) as of January 31, 2020, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of January 31, 2020, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended January 31, 2020, of the Company and our report dated March 26, 2020, expressed an unqualified opinion on those financial statements.

As described in *Management’s Report on Internal Control Over Financial Reporting*, management excluded from its assessment the internal control over financial reporting at Dot Technology Corp., of which a majority ownership was acquired on November 13, 2019, and whose financial statements constitute approximately 2% of total assets and (4%) of operating income of the consolidated financial statement amounts as of and for the year ended January 31, 2020. Accordingly, our audit did not include the internal control over financial reporting at Dot Technology Corp.

Basis for Opinion

The Company’s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying *Management’s Report on Internal Control over Financial Reporting*. Our responsibility is to express an opinion on the Company’s internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

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

Definition and Limitations of Internal Control over Financial Reporting

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

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

/s/ Deloitte & Touche LLP
Minneapolis, Minnesota
March 26, 2020

RAVEN INDUSTRIES, INC.

CONSOLIDATED BALANCE SHEETS

(Dollars and shares in thousands, except per-share amounts)

	As of January 31,	
	2020	2019
ASSETS		
Current assets		
Cash and cash equivalents	\$ 20,707	\$ 65,787
Accounts receivable, net	62,552	54,472
Inventories, net	53,899	54,076
Other current assets	5,436	8,736
Total current assets	142,594	183,071
Property, plant and equipment, net	100,850	106,615
Goodwill	106,509	50,942
Intangible assets, net	46,217	16,293
Other assets	7,087	3,324
TOTAL ASSETS	\$ 403,257	\$ 360,245
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$ 14,893	\$ 8,272
Accrued liabilities	20,743	23,478
Other current liabilities	2,287	1,303
Total current liabilities	37,923	33,053
Long-term borrowings	225	—
Other liabilities	29,161	18,235
Total liabilities	67,309	51,288
Commitments and contingencies (see Note 13)		
Redeemable noncontrolling interest	21,302	—
Raven Industries, Inc. shareholders' equity		
Common stock, \$1.00 par value, authorized shares 100,000; issued 67,436 and 67,289 respectively	67,436	67,289
Paid-in capital	61,508	59,655
Retained earnings	302,300	285,969
Accumulated other comprehensive loss	(5,415)	(3,556)
Less treasury stock at cost, 31,665 and 31,332 shares, respectively	(111,183)	(100,402)
Total Raven Industries, Inc. shareholders' equity	314,646	308,955
Noncontrolling interest	—	2
Total shareholders' equity	314,646	308,957
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 403,257	\$ 360,245

The accompanying notes are an integral part of the consolidated financial statements.

RAVEN INDUSTRIES, INC.

CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

(Dollars in thousands, except per-share amounts)

	For the years ended January 31,		
	2020	2019	2018
Net sales	\$ 382,530	\$ 406,668	\$ 377,317
Cost of sales	258,783	274,119	255,752
Gross profit	123,747	132,549	121,565
Research and development expenses	31,558	26,174	16,936
Selling, general and administrative expenses	52,250	51,242	45,200
Long-lived asset impairment loss	—	—	259
Operating income	39,939	55,133	59,170
Other income (expense), net	95	6,437	(184)
Income before income taxes	40,034	61,570	58,986
Income tax expense	5,421	9,697	17,967
Net income	34,613	51,873	41,019
Net income (loss) attributable to the noncontrolling and redeemable noncontrolling interest	(583)	79	(3)
Net income attributable to Raven Industries, Inc.	\$ 35,196	\$ 51,794	\$ 41,022
Net income per common share:			
Basic	\$ 0.98	\$ 1.44	\$ 1.14
Diluted	\$ 0.97	\$ 1.42	\$ 1.13
Comprehensive income:			
Net income	\$ 34,613	\$ 51,873	\$ 41,019
Other comprehensive income (loss):			
Foreign currency translation	(994)	(1,045)	1,234
Postretirement benefits, net of income tax (expense) benefit of \$251, \$(99), and \$44, respectively	(865)	342	(131)
Other comprehensive income (loss), net of tax	(1,859)	(703)	1,103
Comprehensive income	32,754	51,170	42,122
Comprehensive income (loss) attributable to noncontrolling and redeemable noncontrolling interest	(583)	79	(3)
Comprehensive income attributable to Raven Industries, Inc.	\$ 33,337	\$ 51,091	\$ 42,125

The accompanying notes are an integral part of the consolidated financial statements.

RAVEN INDUSTRIES, INC.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(Dollars and shares in thousands, except per-share amounts)

	\$1 Par Common Stock	Paid-in Capital	Treasury Stock At Cost	Retained Earnings	Accumulated Other Comprehen-sive Income (Loss)	Raven Industries, Inc. Equity	Non- controlling Interest	Total Equity	Redeem-able Non- controlling Interest
Balance January 31, 2017	\$ 67,060	\$ 55,795	\$ (90,402)	\$ 230,649	\$ (3,676)	\$ 259,426	\$ 5	\$ 259,431	\$ —
Net income	—	—	—	41,022	—	41,022	(3)	41,019	—
Other comprehensive income, net of income tax	—	—	—	—	1,103	1,103	—	1,103	—
Cash dividends (\$0.52 per share)	—	214	—	(18,899)	—	(18,685)	—	(18,685)	—
Director shares issued	26	(26)	—	—	—	—	—	—	—
Shares issued on stock options exercised, net of shares withheld for employee taxes	21	(311)	—	—	—	(290)	—	(290)	—
Shares issued on vesting of stock units, net of shares withheld for employee taxes	17	(254)	—	—	—	(237)	—	(237)	—
Shares repurchased	—	—	(10,000)	—	—	(10,000)	—	(10,000)	—
Share-based compensation	—	3,725	—	—	—	3,725	—	3,725	—
Balance January 31, 2018	67,124	59,143	(100,402)	252,772	(2,573)	276,064	2	276,066	—
Net income	—	—	—	51,794	—	51,794	79	51,873	—
Other comprehensive (loss), net of income tax	—	—	—	—	(703)	(703)	—	(703)	—
Reclassification due to ASU 2018-02 adoption	—	—	—	280	(280)	—	—	—	—
Cash dividends (\$0.52 per share)	—	203	—	(18,877)	—	(18,674)	—	(18,674)	—
Dividends of less than wholly-owned subsidiary paid to noncontrolling interest	—	—	—	—	—	—	(79)	(79)	—
Shares issued on stock options exercised, net of shares withheld for employee taxes	113	(2,750)	—	—	—	(2,637)	—	(2,637)	—
Shares issued on vesting of stock units, net of shares withheld for employee taxes	52	(892)	—	—	—	(840)	—	(840)	—
Share-based compensation	—	3,951	—	—	—	3,951	—	3,951	—
Balance January 31, 2019	67,289	59,655	(100,402)	285,969	(3,556)	308,955	2	308,957	—
Net income	—	—	—	35,196	—	35,196	(1)	35,195	(582)
Other comprehensive (loss), net of income tax	—	—	—	—	(1,859)	(1,859)	—	(1,859)	—
Business acquisition of less than wholly owned subsidiary (See Note 6)	—	—	—	—	—	—	—	—	24,315
Redemption of noncontrolling interest	—	199	—	—	—	199	—	199	(2,431)
Cash dividends (\$0.52 per share)	—	216	—	(18,865)	—	(18,649)	—	(18,649)	—
Dividends of less than wholly-owned subsidiary paid to noncontrolling interest	—	—	—	—	—	—	(1)	(1)	—
Shares issued on stock options exercised, net of shares withheld for employee taxes	41	(1,069)	—	—	—	(1,028)	—	(1,028)	—
Shares issued on vesting of stock units, net of shares withheld for employee taxes	106	(2,464)	—	—	—	(2,358)	—	(2,358)	—
Shares repurchased	—	—	(10,781)	—	—	(10,781)	—	(10,781)	—
Share-based compensation	—	4,971	—	—	—	4,971	—	4,971	—
Balance January 31, 2020	\$ 67,436	\$ 61,508	\$ (111,183)	\$ 302,300	\$ (5,415)	\$ 314,646	\$ —	\$ 314,646	\$ 21,302

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Dollars in thousands)

	For the years ended January 31,		
	2020	2019	2018
OPERATING ACTIVITIES:			
Net income	\$ 34,613	\$ 51,873	\$ 41,019
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	13,770	13,296	12,743
Amortization of intangible assets	2,471	1,827	2,059
Long-lived asset impairment loss	—	—	259
Change in fair value of acquisition-related contingent consideration	412	708	457
Loss from equity investments	—	—	114
Gain from sale of equity method investments	—	(5,785)	—
Deferred income taxes	1,506	953	(787)
Share-based compensation expense	4,971	3,951	3,725
Other operating activities, net	(335)	(2,424)	2,053
Change in operating assets and liabilities	(2,536)	1,553	(16,681)
Net cash provided by operating activities	54,872	65,952	44,961
INVESTING ACTIVITIES:			
Capital expenditures	(8,560)	(14,127)	(12,011)
Payments related to business acquisitions, net of cash acquired	(53,317)	(7,671)	(13,267)
Proceeds from sale or maturities of investments	1,170	7,334	250
Purchases of investments	(1,118)	(745)	(273)
Proceeds (disbursements) from sale of assets, settlement of liabilities	3,459	832	(333)
Other investing activities, net	(243)	(2,067)	(41)
Net cash used in investing activities	(58,609)	(16,444)	(25,675)
FINANCING ACTIVITIES:			
Dividends paid	(18,650)	(18,753)	(18,685)
Payments for common shares repurchased	(10,781)	—	(10,000)
Proceeds from borrowings	33,593	—	—
Payment of debt	(39,762)	—	—
Payment of acquisition-related contingent liabilities	(1,306)	(1,324)	(408)
Restricted stock units vested and issued	(2,358)	(840)	(237)
Employee stock option exercises net of tax benefit	(1,028)	(2,637)	(290)
Other financing activities, net	(595)	(201)	(101)
Net cash used in financing activities	(40,887)	(23,755)	(29,721)
Effect of exchange rate changes on cash	(456)	(501)	322
Net increase (decrease) in cash and cash equivalents	(45,080)	25,252	(10,113)
Cash and cash equivalents at beginning of year	65,787	40,535	50,648
Cash and cash equivalents at end of year	\$ 20,707	\$ 65,787	\$ 40,535

The accompanying notes are an integral part of the consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Dollars in thousands, except per-share amounts)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Principles of Consolidation

Raven Industries, Inc. (the Company or Raven) is a diversified technology company providing a variety of products to customers within the industrial, agricultural, geomembrane, construction, commercial lighter-than-air and aerospace/defense markets. The Company conducts this business through the following direct and indirect subsidiaries: Aerostar International, Inc. (Aerostar); Aerostar Technical Solutions, Inc. (ATS), Aerostar Integrated Systems, LLC (AIS); Dot Technology Corp. (DOT); Raven CLI Construction, Inc.; Raven Engineered Films, Inc.; Raven Slingshot, Inc.; Raven International Holding Company BV (Raven Holdings); Raven Industries Canada, Inc. (Raven Canada); Raven Europe BV (formerly known as SBG Innovatie BV or "SBG"); Raven Industries Australia Pty Ltd (Raven Australia); Raven Industries Holding, LLC, and Raven do Brasil Participacoes E Servicos Tecnicos LTDA (Raven Brazil). The Company and these subsidiaries comprise three unique operating units, or divisions, classified into three reportable business segments (Applied Technology, Engineered Films, and Aerostar).

The consolidated financial statements for the periods included herein have been prepared by the Company pursuant to the rules and regulations of the Securities and Exchange Commission (SEC). The accompanying consolidated financial statements include the accounts of the Company and its wholly-owned or controlled subsidiaries. All intercompany balances and transactions have been eliminated in consolidation.

Business Combinations

The Company accounts for the acquisition of a business using the acquisition method of accounting. Assets acquired and liabilities assumed, including amounts attributed to noncontrolling interest, are recorded at their fair values upon acquisition. Assigning fair values requires the Company to make significant estimates and assumptions regarding the fair value of identifiable intangible assets, property, plant and equipment, deferred tax asset valuation allowances, and liabilities, such as uncertain tax positions and contingencies. Independent valuation specialists are used to assist in determining certain fair value calculations. The Company may refine these estimates, if necessary, over a period not to exceed one year by taking into consideration new information that, if known at the acquisition date, would have affected the fair values ascribed to the assets acquired and liabilities assumed.

Significant estimates and assumptions are used in estimating the value of acquired identifiable intangible assets, including estimating future cash flows based on revenues and margins that the Company expects to generate following the acquisition, applying an appropriate discount rate to estimate a present value of those cash flows and determining their useful lives. Subsequent changes to projections driven by actual results following the acquisition date could require the Company to record impairment charges.

Acquisition-related costs are recognized as an expense when incurred and are classified as selling, general and administrative expenses in the Consolidated Statements of Income and Comprehensive Income. Acquisition-related costs incurred were not material for any of the periods presented in this Form 10-K.

Noncontrolling and Redeemable Noncontrolling Interest

Noncontrolling interests represent capital contributions and income and loss attributable to the owners of less than wholly-owned and consolidated entities. Noncontrolling interests in subsidiaries that are redeemable for cash or other assets outside of the Company's control are classified as mezzanine equity, at the greater of the carrying value or the redemption value, and therefore are not included in either equity or liabilities. The increases or decreases in the estimated redemption amount are recorded with corresponding adjustments to paid-in capital.

The Company owned a 75% interest in a business venture, AIS, to pursue potential product and support services contracts through U.S. government agencies. The Company acquired the remaining 25% noncontrolling interest of AIS in the fourth quarter of fiscal year 2020 at an immaterial additional cost to the company. This business venture is included in the Aerostar segment.

(Dollars in thousands, except per-share amounts)

The Company acquired a majority ownership in DOT in the fiscal 2020 fourth quarter. The majority ownership in DOT is further described in Note 6 "Acquisitions and Investments in Businesses and Technologies," and aligns under the Applied Technology segment. The acquisition provides various put options that, if exercised by the noncontrolling interest shareholders, would obligate the Company to purchase the remaining 36% of the outstanding DOT shares as of January 31, 2020, at a price derived from a specific formula. Due to the redemption features, the minority interest shareholders' value is classified as a redeemable noncontrolling interest in the Company's Consolidated Balance Sheets. At January 31, 2020, redeemable noncontrolling interests were reported at their carrying value of \$21,302 versus the redemption value, as the carrying value was greater than the estimated redemption value.

Given the Company's controlling financial interest, the accounts of AIS and DOT have been consolidated with the accounts of the Company, and a noncontrolling interest has been recorded for the noncontrolling investor's interests in the net assets and operations of the business venture.

Related Party Transactions

Following the acquisition of DOT, the Company sold products to, paid rent to, and purchased services for manufacturing, R&D, selling, and administration from a business owned by a minority interest shareholder of DOT. The total of these related party transactions was \$3,176 for fiscal 2020, of which \$409 was reported in accounts payable at January 31, 2020.

Equity Investments

The Company owned an interest of approximately 5% in Ag-Eagle Aerial Systems, Inc. (AgEagle) before being sold for an immaterial gain in fiscal year 2019. The Company accounted for its investment in AgEagle under the equity method of accounting as the Company had the ability to exercise significant influence over the operating policies of AgEagle; however the Company was not the primary beneficiary. In April 2017, the Company determined the investment in AgEagle and the related customer relationship intangible asset were fully impaired. The resulting accelerated equity method investment loss and impairment loss recorded were not material to the Company.

The Company owned an interest of approximately 22% in Site-Specific Technology Development Group, Inc. (SST) before being sold in fiscal year 2019. The Company's proceeds from the sale of its ownership interest in SST were \$6,556 and was reported as "Proceeds from sale or maturity of investments" in the Consolidated Statements of Cash Flows in fiscal year 2019. The Company recognized a gain of \$5,785 from the sale reported as "Other income (expense), net" in the Consolidated Statements of Income and Comprehensive Income for the fiscal year ended January 31, 2019. This amount included a fifteen percent hold-back provision held in an escrow account which was collected in fiscal 2020.

The Company's share of the results of AgEagle and SST operations are included in "Other income (expense), net" for fiscal years 2019 and 2018.

Use of Estimates

Preparing the financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make certain estimates and assumptions. These affect the reported amounts of assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The Company's forecasts, based principally on estimates, are critical inputs to asset valuations such as those for inventory or goodwill. These assumptions and estimates require significant judgment and actual results could differ from assumed and estimated amounts.

Foreign Currency

The Company's subsidiaries that operate outside the United States use the local currency as their functional currency. The functional currency is translated into U.S. dollars for balance sheet accounts using the period-end exchange rates and average exchange rates for the Consolidated Statements of Income and Comprehensive Income. Adjustments resulting from financial statement translations are included as foreign currency translation adjustments in "Accumulated other comprehensive income (loss)" within shareholders' equity in the Consolidated Balance Sheets. Foreign currency transaction gains or losses are recognized in the period incurred and are included in "Other income (expense), net" in the Consolidated Statements of Income and Comprehensive Income. Foreign currency transaction gains and losses were not material for fiscal years 2020 and 2019. Foreign currency transaction gains or losses on intercompany notes receivable and notes payable denominated in foreign currencies for which settlement is not planned in the foreseeable future are considered part the net investment and are reported in the same manner as foreign currency translation adjustments.

Cash and Cash Equivalents

The Company considers all highly liquid instruments with original maturities of three or fewer months to be cash equivalents. Cash and cash equivalent balances are principally concentrated in checking and money market funds. Certificates of deposit that mature in over 90 days but less than one year are considered short-term investments. Certificates of deposit that mature in

(Dollars in thousands, except per-share amounts)

one year or more are considered to be other long-term assets and are carried at cost. The Company held cash and cash equivalents in accounts in the United States of \$14,003 and \$61,221 as of January 31, 2020 and 2019, respectively. The Company held cash and cash equivalents in accounts outside the United States of \$6,704 and \$4,566 as of January 31, 2020 and 2019, respectively.

Accounts Receivable and Allowance for Doubtful Accounts

Trade accounts receivable are recorded at the invoiced amount, do not bear interest, and are considered past due based on invoice terms. The allowance for doubtful accounts is the Company's best estimate of the amount of probable credit losses. This is based on historical write-off experience by segment and an estimate of the collectability of past due accounts. Unbilled receivables arise when revenues have been earned, but not billed, and are related to differences in timing. Unbilled receivables were \$6,954 and \$1,391 as of January 31, 2020 and 2019, respectively.

Inventory Valuation

Inventories are carried at the lower of cost or net realizable value, with cost determined on the first-in, first-out basis. Net realizable value is the estimated selling price in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation.

Pre-Contract Costs

From time to time, pre-contract costs, excluding start-up costs which are expensed as incurred, are incurred and deferred if the Company determines that it is probable it will be awarded the specific anticipated contract. Deferred pre-contract costs are included in "Inventories, net" on the Consolidated Balance Sheets and periodically reviewed and assessed for recoverability under the contract. Write-offs of pre-contract costs are charged to cost of sales when it becomes probable that such costs will not be recoverable. No pre-contract costs were included in "Inventories, net" on the Consolidated Balance Sheets at January 31, 2020 or 2019. Additionally, there were no pre-contract costs written-off in fiscal years 2020, 2019 or 2018.

Property, Plant and Equipment

Property, plant and equipment held for use is carried at the asset's cost and depreciated over the estimated useful life of the asset.

The estimated useful lives used for computing depreciation are as follows:

Building and improvements	15 - 39 years
Manufacturing equipment by segment	
Applied Technology	3 - 5 years
Engineered Films	5 - 12 years
Aerostar	3 - 5 years
Furniture, fixtures, office equipment, and other	3 - 7 years

The cost of maintenance and repairs is charged to expense in the period incurred, and renewals and betterments are capitalized. The cost and related accumulated depreciation of assets sold or disposed are removed from the accounts and the resulting gain or loss is reflected in the Consolidated Statements of Income and Comprehensive Income.

Leases

The Company adopted the new lease accounting standard, "Accounting Standards Codification Topic 842 Leases (ASC 842)" using the modified retrospective basis for all agreements existing as of February 1, 2019 as described further below under *Accounting Standards Adopted*. Results for reporting periods beginning after January 31, 2019, are presented under ASC 842 while prior period amounts continue to be reported in accordance with legacy lease guidance.

The Company recognizes a right-of-use asset and lease liability for all financing and operating leases with terms greater than twelve months. The lease liability is measured based on the present value of the lease payments not yet paid. The right-of-use asset is measured based on the initial measurement of the lease liability adjusted for any direct costs incurred upon commencement of the lease. The right-of-use assets are amortized on a straight-line basis over the lease term, and are tested for impairment in a manner consistent with the other long-lived assets held by the Company.

Fair Value Measurements

Fair value is defined as an exit price representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. The Company uses the

established fair value hierarchy, which classifies or prioritizes the inputs used in measuring fair value. These classifications include:

Level 1 - Observable inputs such as quoted prices in active markets.

Level 2 - Inputs other than quoted prices in active markets that are either directly or indirectly observable.

Level 3 - Unobservable inputs in which little or no market data exists, therefore, requiring an entity to develop its own assumptions.

The Company's financial assets required to be measured at fair value on a recurring basis include cash and cash equivalents, short-term investments and mutual funds. The Company determines fair value of its cash equivalents, short-term investments and mutual funds through quoted market prices. Mutual funds relate to the Company's deferred compensation plan further described within Note 8 "Employee Postretirement Benefits." The fair values of accounts receivable and accounts payable approximate their carrying values because of the short-term nature of these instruments.

The Company's goodwill and long-lived assets, including intangible assets subject to amortization, are measured at fair value on a non-recurring basis. These valuations are derived from valuation techniques in which one or more significant inputs are not observable. Fair value measurements associated with goodwill and long-lived assets are further described in Note 7 "Goodwill, and Long-Lived Assets."

For all acquisitions, the Company is required to measure the fair value of the net identifiable tangible and intangible assets acquired. In addition, the Company determines the estimated fair value of contingent consideration as of the acquisition date, and subsequently at the end of each reporting period. These valuations are derived from valuation techniques in which one or more significant inputs are not observable. Fair value measurements associated with acquisitions, including acquisition-related contingent liabilities, are described in Note 6 "Acquisitions and Investments in Businesses and Technologies."

Intangible Assets

Intangible assets, primarily comprised of technologies acquired through acquisitions, are recorded at cost and presented net of accumulated amortization. Amortization is computed using the method that best approximates the pattern of economic benefits which the asset provides. The Company has used both the straight-line method and the undiscounted cash flows method to appropriately allocate the cost of intangible assets to earnings in each reporting period.

The straight-line method allocates the cost of such intangible assets ratably over the asset's life. Under the undiscounted cash flow method, the estimated cash flow attributable to each year of an intangible asset's life is calculated as a percentage of the total of the cash flows over the asset's life and that percentage is applied to the initial value of the asset to determine the annual amortization to be recorded.

Intangible assets also include patents, trademarks, and other product rights attained to protect the Company's intellectual property. The estimated useful lives of the Company's intangible assets range from 3 to 20 years.

The Company acquired in-process R&D intangible assets in business combinations transacted during the fourth quarter of fiscal year 2020. These assets are accounted for as indefinite-lived intangible assets and will be amortized when the R&D project is completed or abandoned. Upon completion of each project, a determination of the useful life of the acquired intangible assets is made and they are amortized to expense. These assets are classified as "Intangible assets, net" on the Consolidated Balance Sheets. These assets are reported at fair value based on the discounted probable future cash flows on a project-by-project basis and are subject to at least an annual assessment for impairment going forward.

Goodwill

The Company recognizes goodwill as the excess cost of an acquired business over the net amount assigned to assets acquired and liabilities assumed. Goodwill is allocated to the reporting units that are expected to benefit from the synergies of the business combination. Acquisition earn-out payments are accrued at fair value as of the purchase date and payments reduce the accrual without affecting goodwill. Any change in the fair value of the contingent consideration after the acquisition date is recognized in "Cost of sales" in the Consolidated Statements of Income and Comprehensive Income.

Goodwill is tested for impairment on an annual basis during the fourth quarter and between annual tests whenever a triggering event indicates there may be an impairment. Impairment tests of goodwill are performed at the reporting unit level. A qualitative impairment assessment over relevant events and circumstances may be assessed to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If events and circumstances indicate the fair value of a reporting unit may be less than its carrying value, then the fair values are estimated based on discounted cash flows

(Dollars in thousands, except per-share amounts)

and are compared with the corresponding carrying value of the reporting unit. If the fair value of the reporting unit is less than the carrying amount, a goodwill impairment loss is recognized for the amount that the carrying value of the reporting unit, including goodwill, exceeds its fair value, limited to the total amount of goodwill allocated to the reporting unit.

When performing goodwill impairment testing, the fair values of reporting units are determined based on valuation techniques, primarily discounted cash flow projections, using the best available information. Such valuations are derived from valuation techniques in which one or more significant inputs are not observable (Level 3 fair value measures).

Long-Lived Assets

The Company periodically assesses the recoverability of long-lived and intangible assets. An impairment loss is recognized when the carrying amount of an asset group exceeds the estimated undiscounted cash flows used in determining the fair value of the asset group. The amount of the impairment loss to be recorded is the excess of the carrying value of the assets within the group over their fair value. When performing long-lived asset impairment testing, the fair values of an asset are determined based on valuation techniques using the best available information. Such valuations are derived from valuation techniques in which one or more significant inputs are not observable (Level 3 fair value measures).

Long-lived assets determined to be held for sale and classified as such in accordance with the applicable guidance are reported as long-term assets at the lower of the asset's carrying amount or fair value less the estimated cost to sell. Depreciation is not recorded once a long-lived asset has been classified as held for sale.

Acquisition-Related Contingent Consideration

Acquisition-related contingent consideration represents an obligation of the Company to transfer additional assets or equity interests if specified future events occur or conditions are met. This contingency is accounted for at fair value either as a liability or equity depending on the terms of the acquisition agreement. The Company determines the estimated fair value of contingent consideration as of the acquisition date, and subsequently at the end of each reporting period. In doing so, the Company makes significant estimates and assumptions regarding future events or conditions being achieved under the subject contingent agreement as well as the appropriate discount rate to apply. Such valuations are derived from valuation techniques in which one or more significant inputs are not observable (Level 3 fair value measures).

Litigation and Contingencies

Legal costs are recognized as an expense in the period incurred. The Company is involved as a party in lawsuits, claims, regulatory inquiries, or disputes arising in the normal course of business, some of which allege substantial monetary damages. The Company accrues for any loss contingencies when losses become probable and are reasonably estimable. If the reasonable estimate of the loss is a range and no amount within the range is a better estimate than any other amount within the range, the minimum amount of the range is recorded as a liability. Amounts recovered by insurance, if any, are recognized when they are realized.

Revenue Recognition

Revenue is recognized when control of the promised goods or services are transferred to our customers, in an amount that reflects the consideration we expect to be entitled to in exchange for transferring those goods or providing services. The Company accounts for a contract when it has approval and commitment from both parties, the rights of the parties are identified, payment terms are identified, the contract has commercial substance and collectability of consideration is probable.

When determining whether the customer has obtained control of the goods or services, the Company considers any future performance obligations. Generally, there is no post-shipment obligation on products sold other than warranty obligations in the normal and ordinary course of business. In the event significant post-shipment obligations were to exist, revenue recognition would be deferred until the Company has substantially accomplished what it must do to be entitled to the benefits represented by the revenue. Estimated returns, sales allowances, and warranty charges, if applicable, are recorded at the same time revenue is recorded.

Performance obligations

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer, and is the unit of account for purposes of revenue recognition. A contract's transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. The majority of the Company's contracts have a single performance obligation as the promise to transfer the individual goods or services is not separately identifiable from other promises in the contracts and, therefore, are not distinct. For contracts with multiple performance obligations, standalone selling price is generally readily observable. The Company's performance obligations are satisfied at a point in time or over time as work progresses. Revenue from goods and services transferred to customers at a point in time accounts for a majority of

(Dollars in thousands, except per-share amounts)

the Company's revenues. Revenue on these contracts is recognized when obligations under the terms of the contract with our customer are satisfied; generally this occurs with the transfer of control upon shipment.

The Company uses an input measure to determine progress towards completion for revenue generated from products and services transferred to customers over time. Under this method, net sales and gross profit are recognized as work is performed generally based on the relationship between the actual costs incurred and the total estimated costs at completion ("the cost-to-cost method") or based on efforts for measuring progress towards completion in situations in which this approach is more representative of the progress on the contract than the cost-to-cost method. Contract costs include labor, material, overhead and, when appropriate, general and administrative expenses. Changes to the original estimates may be required during the life of the contract, and such estimates are reviewed on a regular basis. Sales and gross profit are adjusted using the cumulative catch-up method for revisions in estimated total contract costs. For performance obligations related to service contracts, when estimates of total costs to be incurred on a performance obligation exceed total estimates of revenue to be earned, a provision for the entire loss on the performance obligation is recognized in the period the loss is determined.

Sales returns

The right of return may exist explicitly or implicitly with our customers. The Company's return policy allows for customer returns only upon the Company's authorization. Goods returned must be a product the Company continues to market and must be in salable condition. When the right of return exists, we adjust the transaction price for the estimated effect of returns. We estimate the expected returns based on historical sales levels, the timing and magnitude of historical sales return levels as a percent of sales, type of product, type of customer and a projection of this experience into the future.

Shipping and handling costs

Amounts billed to customers for shipping and handling activities after the customer obtains control are treated as a promised service performance obligation and recorded in net sales in the accompanying Consolidated Statements of Income and Comprehensive Income. Shipping and handling costs incurred by the Company for the delivery of goods to customers are considered a cost to fulfill the contract and are included in cost of sales in the accompanying Consolidated Statements of Income and Comprehensive Income.

Sales tax

Taxes that are collected by the Company from a customer, which are assessed by governmental authorities that are both imposed upon and concurrent with a specific revenue-producing transaction, are excluded from revenues.

Operating Expenses

The primary types of operating expenses are classified in the income statement as follows:

<u>Cost of sales</u>	<u>Research and development (R&D) expenses</u>	<u>Selling, general, and administrative (SG&A) expenses</u>
Direct material costs	Personnel costs	Personnel costs
Material acquisition and handling costs	Professional service fees	Professional service fees
Direct labor	Material and supplies	Advertising
Factory overhead including depreciation and amortization	Facility allocation	Promotions
Inventory obsolescence		Information technology equipment depreciation
Product warranties		Office supplies
Shipping and handling cost		Facility allocation
		Bad debt expense

Total engineering costs consist of R&D and other engineering support related expenses. R&D costs are internal direct and indirect costs associated with development of technologies to support the Company's proprietary product lines in each of its divisions. These R&D costs are expensed as incurred. Engineering support related expenses may be allocated to overhead, and thus cost of sales, or R&D expenses based on the focus of the engineering effort.

General and administrative expenses included in SG&A are not allocated at the segment level. The Company's gross margin and segment operating income may not be comparable to industry peers due to variability in the classification of these expenses across the industries in which the Company operates.

Warranties

Accruals necessary for product warranties are estimated based on historical warranty costs in relation to sales and average time elapsed between purchases and returns for each division. Additional accruals are made for any significant, discrete warranty issues.

Share-Based Compensation

The Company records compensation expense related to its share-based compensation plans using the fair value method. Under this method, the fair value of share-based compensation is determined as of the grant date and the related expense is recorded over the period in which the share-based compensation vests.

Income Taxes

Deferred income taxes reflect future tax effects of temporary differences between the tax and financial reporting basis of the Company's assets and liabilities measured using enacted tax laws and statutory tax rates applicable to the periods when the temporary differences will affect taxable income. When necessary, deferred tax assets are reduced by a valuation allowance to reflect realizable value. All deferred tax balances are reported as long-term on the Consolidated Balance Sheets. Accruals are maintained for uncertain tax positions.

Accounting Pronouncements

Accounting Standards Adopted

In the fiscal 2020 fourth quarter, the Company early adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2018-18, "Collaborative Arrangements (Topic 808): Clarifying the Interaction between Topic 808 and Topic 606" (ASU 2018-18), issued in November 2018. The amendments in ASU 2018-18 clarify that certain transactions between participants in collaborative arrangements should be accounted for as revenue under Topic 606, "Revenue from Contracts with Customers," and precludes certain transactions that are not with a customer from using Topic 606. The amendments in this update are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. The amendments should be applied retrospectively to the date Topic 606 was adopted. Raven typically does not receive consideration as part of a collaborative arrangement and thereby does not qualify for ASC 606 treatment. However, in instances where consideration is being exchanged for a distinct good or service (unit of account), Raven has naturally elected to apply ASC 606. As such, there was no impact from the adoption of the amendments of ASU 2018-18.

In the fiscal 2020 first quarter, the Company adopted FASB ASU No. 2016-02, "Leases (Topic 842)" (ASU 2016-02), issued in February 2016 and the subsequently-issued codification improvements to Topic 842. The primary difference between previous GAAP and ASU 2016-02 is the recognition of lease assets and liabilities by lessees for leases classified as operating leases under previous GAAP. The guidance requires a lessee to recognize a lease liability (to make lease payments) and a right-of-use asset (representing its right to use the underlying asset for the lease term) on the balance sheet with terms greater than 12 months. The Company adopted ASU 2016-02 on a modified retrospective basis for all agreements existing as of February 1, 2019. Prior comparative periods have not been adjusted and continue to be reported and disclosed under previous lease guidance. This adoption did not have a material impact to the Company. As of February 1, 2019, the Company recognized a right-of-use asset for finance leases and operating leases of \$233 and \$3,807, respectively and a current and non-current lease liability of \$1,446 and \$2,571, respectively. As part of the adoption of ASU 2016-02, the Company elected the following practical expedient: short-term recognition exemption for all leases that qualify. Note disclosures required in Topic 842 are reported in Note 12 "Leases" of the Notes to the Consolidated Financial Statements in this Form 10-K.

New Accounting Standards Not Yet Adopted

In August 2018, the FASB issued ASU No. 2018-13, "Fair Value Measurement (Topic 820): Disclosure Framework-Changes to the Disclosure Requirements for Fair Value Measurement" (ASU 2018-13). The amendments in ASU 2018-13 remove, modify and add disclosures for companies required to make disclosures about recurring or nonrecurring fair value measurements under Topic 820. The amendments in this update are effective for all entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. Early adoption of this guidance is permitted. Certain amendments in this guidance are required to be applied prospectively, and others are to be applied retrospectively. The amendments in ASU 2018-13 are disclosure-related only and as such the Company does not expect the adoption of this guidance to have a significant impact on the balances reported in the Company's consolidated financial statements.

In June 2016, the FASB issued ASU 2016-13, "Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments" (ASU 2016-13). Current GAAP generally delays recognition of the full amount of credit losses until the loss is probable of occurring. The amendments in this guidance eliminate the probable initial recognition threshold and, instead, reflect an entity's current estimate of all expected credit losses. Previously, when credit losses were measured under GAAP, an entity generally only considered past events and current conditions in measuring the incurred loss. The new standard is effective for annual reporting periods beginning after December 15, 2019. All entities may elect to early adopt ASU 2016-13 for annual reporting periods beginning after December 15, 2018. The adoption of ASU 2016-13 is not expected to have a significant impact on the Company's consolidated financial statements or its note disclosures.

(Dollars in thousands, except per-share amounts)

NOTE 2 SELECTED BALANCE SHEET INFORMATION

Following are the components of selected balance sheet items:

	As of January 31,	
	2020	2019
Accounts receivable, net:		
Trade accounts	\$ 56,978	\$ 53,820
Unbilled receivables	6,954	1,391
Allowance for doubtful accounts	(1,380)	(739)
	<u>\$ 62,552</u>	<u>\$ 54,472</u>
Inventories, net:		
Finished goods	\$ 6,309	\$ 7,629
In process	3,287	1,103
Materials	44,303	45,344
	<u>\$ 53,899</u>	<u>\$ 54,076</u>
Other current assets:		
Insurance policy benefit	\$ 38	\$ 336
Federal income tax receivable	1,370	1,045
Receivable from sale of investment	—	1,055
Prepaid expenses and other	4,028	6,300
	<u>\$ 5,436</u>	<u>\$ 8,736</u>
Property, plant and equipment, net^(a):		
Land	\$ 3,117	\$ 3,234
Buildings and improvements	80,330	81,381
Machinery and equipment	158,354	155,463
Financing lease right-of-use assets	881	—
Accumulated depreciation	(141,832)	(133,724)
	<u>100,850</u>	<u>106,354</u>
Property, plant and equipment subject to capital leases:		
Machinery and equipment	—	510
Accumulated amortization for capitalized leases	—	(249)
	<u>\$ 100,850</u>	<u>\$ 106,615</u>
Other assets:		
Equity investments	\$ 1,289	\$ 345
Operating lease right-of-use assets	4,275	—
Deferred income taxes	16	16
Other	1,507	2,963
	<u>\$ 7,087</u>	<u>\$ 3,324</u>
Accrued liabilities:		
Salaries and related	\$ 4,188	\$ 8,244
Benefits	5,339	4,751
Insurance obligations	1,680	1,963
Warranties	2,019	890
Income taxes	293	328
Other taxes	1,734	2,434
Acquisition-related contingent consideration	763	1,796
Lease liability	2,530	—
Other	2,197	3,072
	<u>\$ 20,743</u>	<u>\$ 23,478</u>
Other liabilities:		
Postretirement benefits	\$ 8,741	\$ 7,678
Acquisition-related contingent consideration	2,171	2,376
Lease liability	2,627	—
Deferred income taxes	7,080	1,659
Uncertain tax positions	2,606	2,670
Other	5,936	3,852
	<u>\$ 29,161</u>	<u>\$ 18,235</u>

^(a) Includes assets held for use and assets held for sale. The amount of assets held for sale as of January 31, 2020, and January 31, 2019, were not material.

NOTE 3 ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

Other comprehensive income (loss) refers to revenue, expenses, gains, and losses that under GAAP are recorded as an element of shareholders' equity but are excluded from net income. The changes in the components of accumulated other comprehensive income (loss) (AOCI) are shown below:

	Cumulative foreign currency translation adjustment	Postretirement benefits	Total
Balance at January 31, 2018	\$ (1,193)	\$ (1,380)	\$ (2,573)
Other comprehensive (loss) before reclassifications	(1,045)	—	(1,045)
Reclassification due to ASU 2018-02 adoption	—	(280)	(280)
Amounts reclassified from accumulated other comprehensive income (loss) after tax expense of \$(99)	—	342	342
Balance at January 31, 2019	(2,238)	(1,318)	(3,556)
Other comprehensive (loss) before reclassifications	(994)	—	(994)
Amounts reclassified from accumulated other comprehensive income (loss) after tax benefit of \$251	—	(865)	(865)
Balance at January 31, 2020	<u>\$ (3,232)</u>	<u>\$ (2,183)</u>	<u>\$ (5,415)</u>

Postretirement benefit cost components are reclassified in their entirety from accumulated other comprehensive loss to net periodic benefit cost. Service cost is reported in net income as "Cost of sales" or "Selling, general, and administrative expenses" in a manner consistent with the classification of direct labor and personnel costs of the eligible employees. The components of the net periodic benefit cost, other than the service cost component, are classified as a non-operating expense in "Other income (expense), net" on the Consolidated Statements of Income and Comprehensive Income.

NOTE 4 SUPPLEMENTAL CASH FLOW INFORMATION

	For the years ended January 31,		
	2020	2019	2018
Changes in operating assets and liabilities:			
Accounts receivable	\$ (9,118)	\$ 3,938	\$ (7,014)
Inventories	891	1,092	(11,062)
Prepaid expenses and other assets	2,092	(2,440)	(2,445)
Accounts payable	5,493	(4,517)	1,280
Accrued and other liabilities	(1,894)	3,480	2,560
	<u>\$ (2,536)</u>	<u>\$ 1,553</u>	<u>\$ (16,681)</u>
Supplemental disclosures of cash flow information:			
Cash paid during the year for income taxes	\$ 4,377	\$ 8,225	\$ 19,854
Interest paid	267	227	186
Significant non-cash transactions:			
Capital expenditures and other intangibles included in accounts payable and other liabilities	\$ 740	\$ 655	\$ 418
Redeemable noncontrolling interest included in other liabilities	2,224	—	—
Assets acquired under capital leases	—	38	79
Right-of-use assets obtained in exchange for lease obligations:			
Finance leases	\$ 435	\$ —	\$ —
Operating leases	1,924	—	—

NOTE 5 REVENUE

Nature of goods and services

The Company is comprised of three unique operating divisions, classified into reportable business segments: Applied Technology, Engineered Films, and Aerostar. The following is a description of principal activities, separated by segment, from which the Company generates revenue. Service revenues and contract losses are not material and are not separately disclosed. Furthermore, the Company primarily acts as a principal in transactions and recognizes revenue on a gross basis for which it is entitled from its customers.

Applied Technology

Applied Technology designs, manufactures, sells, and services innovative precision agriculture products and information management tools, which are collectively referred to as precision agriculture equipment, that help farmers reduce costs, more precisely control inputs, and improve farm yields for the global agriculture market. Customers can purchase precision agriculture equipment individually or in large quantities. For purchases made in large quantities, the Company accounts for each piece of equipment separately, as each is a distinct performance obligation from which the customer derives benefit. The stand-alone selling prices are determined based on the prices at which the Company charges other customers for similar products in similar circumstances. Kits or bundles, which can consist of various pieces of equipment, are shipped together and therefore allocation of transaction price does not impact timing of revenue recognition. In the normal course of business the customer agrees to a fixed price and revenue is recognized when control has transferred to the customer.

Engineered Films

Engineered Films produces high-performance plastic films and sheeting for geomembrane, agricultural, construction, and industrial applications and also offers design-build and installation services of these plastic films and sheeting. Plastic film and sheeting can be purchased separately or together with installation services. The majority of transactions within Engineered Films are considered non-customized product-only sales. The Company accounts for each product separately, as each is a distinct performance obligation from which the customer derives benefit. The stand-alone selling prices are determined based on the prices at which the Company charges other customers for similar products in similar circumstances. In the normal course of business, the customer agrees to a fixed price and revenue is recognized when control has transferred to the customer.

The remaining transactions within Engineered Films are related to installation and/or customized product sales. Installation revenues are recognized over time using the cost incurred input method (i.e., costs incurred to date relative to total estimated costs at completion) because of continuous transfer of control to customers. For customized product-only sales, the Company recognizes revenue over time by applying an output method, such as units delivered, to measure progress.

Aerostar

Aerostar serves the aerospace and defense and commercial lighter-than-air markets. Aerostar's core products include high-altitude stratospheric platforms, technical services, and radar systems. These products can be integrated with additional third-party sensors to provide research, communications, and situational awareness capabilities to governmental and commercial customers. Aerostar pursues product and support services contracts with U.S. government agencies. Product sales to customers for which the division does not continuously transfer control are recognized based on a point-in-time. Contracts with customers which include elements of service, and are considered to be single performance obligations, are recognized over time. The stand-alone selling prices are determined based on the prices at which the Company charges other customers for similar products or services in similar circumstances. In the normal course of business the customer agrees to a fixed price. For revenues recognized at a point-in-time, the Company recognizes revenue when control has transferred to the customer. Certain lighter-than-air contracts are recognized over time using the cost incurred input method. The remaining transactions are recognized over time applying an output method, such as units delivered, to measure progress.

Disaggregation of Revenues

In the following table, revenue is disaggregated by major product category and geography as the Company believes these categories best depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. The table also includes a reconciliation of the disaggregated revenue for all segments.

(Dollars in thousands, except per-share amounts)

Revenue by Product Category					
For the year ended January 31, 2020					
	ATD	EFD	AERO	ELIM^(a)	Total
Lighter-than-Air					
Domestic	\$ —	\$ —	\$ 36,535	\$ —	\$ 36,535
International	—	—	52	—	52
Plastic Films & Sheeting					
Domestic	—	187,087	—	(90)	186,997
International	—	10,632	—	—	10,632
Precision Agriculture Equipment					
Domestic	99,137	—	—	(2)	99,135
International	31,323	—	—	—	31,323
Other					
Domestic	—	—	17,731	—	17,731
International	—	—	125	—	125
Totals	\$ 130,460	\$ 197,719	\$ 54,443	\$ (92)	\$ 382,530
For the year ended January 31, 2019					
	ATD	EFD	AERO	ELIM^(a)	Total
Lighter-than-Air					
Domestic	\$ —	\$ —	\$ 37,866	\$ —	\$ 37,866
International	—	—	932	—	932
Plastic Films & Sheeting					
Domestic	—	208,882	—	(512)	208,370
International	—	17,692	—	—	17,692
Precision Agriculture Equipment					
Domestic	100,051	—	—	(10)	100,041
International	29,698	—	—	—	29,698
Other					
Domestic	—	—	12,062	—	12,062
International	—	—	7	—	7
Totals	\$ 129,749	\$ 226,574	\$ 50,867	\$ (522)	\$ 406,668
For the year ended January 31, 2018					
	ATD	EFD	AERO	ELIM^(a)	Total
Lighter-than-Air					
Domestic	\$ —	\$ —	\$ 24,956	\$ —	\$ 24,956
International	—	—	93	—	93
Plastic Films & Sheeting					
Domestic	—	201,330	—	(584)	200,746
International	—	11,968	—	—	11,968
Precision Agriculture Equipment					
Domestic	95,249	—	—	—	95,249
International	29,439	—	—	—	29,439
Other					
Domestic	—	—	14,810	—	14,810
International	—	—	56	—	56
Totals	\$ 124,688	\$ 213,298	\$ 39,915	\$ (584)	\$ 377,317

^(a) Intersegment sales for fiscal years 2020, 2019 and 2018 were primarily sales from Engineered Films to Aerostar.

(Dollars in thousands, except per-share amounts)

Contract Balances

Contract balances include contract assets and contract liabilities that are recorded when the Company enters into a contract with a customer. Contract assets primarily relate to the Company's rights to consideration for work completed but not billed (unbilled receivables) at the reporting date, or retainage provisions on billings that have been issued. Contract assets are converted to receivables when the right to collect becomes unconditional. The Company's contract assets reported at January 31, 2020 and 2019 primarily relate to Engineered Films' geomembrane installation services and service contracts for Aerostar's lighter-than air products and radar processing systems. Contract assets are reported in "Accounts receivable, net" in the Consolidated Balance Sheets.

Contract liabilities consist of customer advances and deferred revenue. Contract liabilities primarily relate to consideration received from customers prior to transferring goods or services to the customer. Contract liabilities are reported in "Other current liabilities" in the Consolidated Balance Sheets.

The changes in contract assets and liabilities were as follows:

	January 31, 2020	January 31, 2019	\$ Change	% Change
Contract assets	\$ 7,525	\$ 2,027	\$ 5,498	271.2 %
Contract liabilities	\$ 2,288	\$ 1,303	\$ 985	75.6 %

During the twelve months ended January 31, 2020, the Company's contract assets increased by \$5,498 and contract liabilities increased by \$985, primarily as a result of the contract terms which include timing of customer payments, timing of invoicing, and progress made on open contracts. The Company's contract assets at January 31, 2020, are primarily unbilled receivables that will be invoiced in first quarter of next year. The Company's contract liabilities at January 31, 2020, include customer advances that will substantially all convert to revenue recognized during the next fiscal year. Due to the short-term nature of the Company's contracts, substantially all of the contract assets that existed as of January 31, 2019, were converted to accounts receivable. In addition the Company's contract liabilities that existed as of January 31, 2019, were recognized as revenue during fiscal 2020.

Remaining performance obligations

As of January 31, 2020, the Company has no remaining performance obligations related to customer contracts that had an original expected duration of one year or more.

NOTE 6 ACQUISITIONS AND INVESTMENTS IN BUSINESSES AND TECHNOLOGIES

Fiscal year 2020 acquisitions

On November 1, 2019, the Company acquired Smart Ag. Smart Ag is a technology company located in Ames, Iowa, that develops autonomous farming solutions for agriculture. Smart Ag currently offers aftermarket retrofit kits to automate farm equipment as well as a platform to connect, manage, and safely operate autonomous agricultural machinery.

On November 13, 2019, the Company acquired a majority ownership in Dot Technology Corp. (DOT). Simultaneously with acquiring this majority ownership, the Company contributed cash to DOT in exchange for additional equity, making the majority ownership percentage in DOT 60% when the transaction closed. DOT is located in Regina, Saskatchewan, Canada, and designs autonomous agriculture solutions and manufactures a unique U-shaped agriculture platform to semi-autonomously handle a large variety of agriculture implements.

Both acquisitions will align under the Company's Applied Technology Division and will complement the division's suite of precision ag products and solutions. The aggregate purchase price was approximately \$54,000, excluding the noncontrolling interest. Including the noncontrolling interest, \$56,022 of the purchase price was allocated to goodwill. Identifiable intangible assets acquired of \$31,800 were primarily indefinite-lived intangible assets for in-process R&D. Amortization of these indefinite-lived intangible assets will start when the current in-process R&D project is complete and the product is commercialized, which is expected to occur in fiscal 2021. Amortization of the indefinite-lived intangibles will be on a straight-line basis over the remaining estimated useful lives of these assets. The Company expects the useful lives will range from seven to ten years.

(Dollars in thousands, except per-share amounts)

The purchase accounting for these acquisitions was substantially complete except for the final valuation of intangible assets and deferred income taxes, as of January 31, 2020, and any adjustments to the purchase accounting will be made within twelve months of the acquisition date.

The aggregate purchase price for these acquisitions was allocated to the estimated fair value of assets acquired and liabilities assumed as follows:

Cash and cash equivalents	\$	833
Accounts receivable, net		5
Inventory		963
Other current assets		279
Property, plant and equipment, net		376
Goodwill		56,022
Intangible assets, net		31,800
Other long-term assets		1,394
Deferred income taxes		(4,158)
Accounts payable and other current liabilities		(1,462)
Debt, including lease liabilities for operating leases		(7,587)
Fair value of consideration transferred, including noncontrolling interest		78,465
Less: redeemable noncontrolling interest		24,315
Fair value of purchase price consideration transferred, excluding noncontrolling interest	\$	54,150

The following pro forma consolidated condensed financial results of operations are presented as if the acquisitions described above had been completed at the beginning of fiscal 2019 (unaudited):

(Unaudited)

	For the years ended January 31,	
	2020	2019
Net sales	\$ 383,418	\$ 406,886
Net income attributable to Raven Industries, Inc.	\$ 29,685	\$ 48,210
Earnings per common share		
Basic	\$ 0.82	\$ 1.34
Diluted	\$ 0.82	\$ 1.32

These unaudited pro forma consolidated financial results have been prepared for comparative purposes only and include certain adjustments that were not material in nature. The pro forma information does not purport to be indicative of the results of operations that would have resulted had these business combinations occurred at the beginning of each period presented, or of future results of the consolidated entities. Post-acquisition, these acquisitions contributed zero revenues and reduced fiscal 2020 net income attributable to Raven by \$2,279.

Fiscal year 2019 acquisition

On January 1, 2019, the Company completed the acquisition of substantially all of the assets ("AgSync Acquisition") of AgSync Inc. (AgSync), an Indiana corporation, headquartered in Wakarusa, Indiana. This acquisition was aligned under the Company's Applied Technology Division and enhanced its Slingshot platform by delivering a more seamless logistics solution for ag retailers, aerial applicators, custom applicators and enterprise farms. The AgSync Acquisition constitutes a business and as such was accounted for as a business combination; however, the business combination was not significant enough to warrant pro-forma financial information.

The purchase price was approximately \$9,700 which included potential earn-out payments with an estimated fair value of \$2,052. The earn-out is contingent upon achieving certain revenue milestones. The purchase price of the business acquired was allocated to the assets acquired and liabilities assumed based on their estimated fair values. The excess of the purchase price over the fair value of the identifiable assets acquired and liabilities assumed is reflected as goodwill, which is fully tax deductible. The Company completed the valuation and the purchase price allocation during the first quarter of fiscal 2020. This resulted in an adjustment in the fiscal 2020 first quarter that increased the purchase price and the estimated fair value of the

(Dollars in thousands, except per-share amounts)

contingent earn-out payments by approximately \$300. The goodwill and identifiable intangible assets recorded as part of the purchase price allocation at January 31, 2020, were \$4,526 and \$5,700, respectively.

Fiscal year 2018 acquisition

On September 1, 2017, the Company completed the acquisition of substantially all of the assets ("CLI Acquisition") of Colorado Lining International, Inc. (CLI), a Colorado corporation headquartered in Parker, CO. This acquisition was aligned under the Company's Engineered Films Division. The acquisition enhanced the Company's geomembrane market position through extended service and product offerings with the addition of new design-build and installation service components, and advanced Engineered Films' business model into a vertically-integrated, full-service solutions provider for the geomembrane market. The CLI Acquisition constitutes a business and as such was accounted for as a business combination; however, the business combination was not significant enough to warrant pro-forma financial information.

The CLI Acquisition included a working capital adjustment that was settled in January 2018. The final working capital adjustment was \$566 which brought the total purchase price to \$14,938. This purchase price included potential earn-out payments with an estimated fair value of \$1,256 which are contingent upon achieving certain revenues and operational synergies.

The fair value of the business acquired was allocated to the assets acquired and liabilities assumed based on their estimated fair values. The excess of the purchase price over the fair value of the identifiable assets acquired and liabilities assumed was reflected as goodwill. Goodwill recorded as part of the purchase price allocation was \$5,714, all of which is tax deductible.

Acquisition-related contingent consideration

The Company has contingent liabilities related to the prior acquisitions of AgSync, as well as the prior acquisitions of CLI in September 2017, SBG in May 2014 and ATS in January 2012. The fair value of such contingent consideration is estimated as of the acquisition date, and subsequently at the end of each reporting period, using forecasted cash flows. Projecting future cash flows requires the Company to make significant estimates and assumptions regarding future events, conditions or revenues being achieved under the subject contingent agreement as well as the appropriate discount rate. Such valuation techniques include one or more significant inputs that are not observable (Level 3 fair value measures).

Changes in the fair value of the liability for acquisition-related contingent consideration are as follows:

	For the years ended January 31,	
	2020	2019
Beginning balance	\$ 4,172	\$ 3,046
Fair value of contingent consideration acquired	310	1,742
Change in fair value of the liability	412	708
Contingent consideration earn-out paid	(1,960)	(1,324)
Ending balance	\$ 2,934	\$ 4,172
Classification of liability in the Consolidated Balance Sheets		
Accrued Liabilities	\$ 763	\$ 1,796
Other Liabilities, long-term	2,171	2,376
Ending balance	\$ 2,934	\$ 4,172

As part of the AgSync Acquisition in the prior fiscal year, the Company entered into a contingent earn-out agreement, not to exceed \$3,500. The earn-out is to be paid annually over three years after the purchase date, contingent upon achieving certain revenue milestones. The Company has made no payments on this potential earn-out liability as of January 31, 2020.

Related to the CLI Acquisition in fiscal 2018, the Company is committed to making additional earn-out payments, not to exceed \$2,000, calculated and paid annually three years after the purchase date, contingent upon achieving certain revenues and operational synergies. As of January 31, 2020, the Company has paid a total of \$1,333 of this potential earn-out liability.

In connection with the acquisition of SBG, Raven is committed to making additional earn-out payments, not to exceed \$2,500 calculated and paid quarterly for ten years after the purchase date contingent upon achieving certain revenues. As of January 31, 2020, the Company has paid a total of \$2,237 of this potential earn-out liability.

(Dollars in thousands, except per-share amounts)

Related to the acquisition of ATS in 2012, the Company is committed to making annual payments based upon earn-out percentages on specific revenue streams for seven years after the purchase date. The Company made the final payment in the first quarter of fiscal 2020 and has no further contingent obligations related to acquisition of ATS.

NOTE 7 GOODWILL AND LONG-LIVED ASSETS

Goodwill

For goodwill, the Company performs impairment reviews by reporting unit. For fiscal 2019, the Company determined it had three reporting units: Applied Technology, Engineered Films, and Aerostar. In fiscal 2020, the Company determined it had added a fourth reporting unit related to the acquisition of Smart Ag and the acquisition of a majority ownership in DOT: Autonomy.

The changes in the carrying amount of goodwill by reporting unit are shown below:

	Applied Technology (excluding Autonomy)	Autonomy	Engineered Films	Aerostar	Total
Balance at January 31, 2018	\$ 12,741	\$ —	\$ 33,232	\$ 737	\$ 46,710
Additions due to business combinations	4,559	—	—	—	4,559
Divestiture of business	—	—	—	(103)	(103)
Foreign currency translation adjustment	(224)	—	—	—	(224)
Balance at January 31, 2019	17,076	—	33,232	634	50,942
Additions due to business combinations	(33)	56,022	—	—	55,989
Foreign currency translation adjustment	(100)	(322)	—	—	(422)
Balance at January 31, 2020	<u>\$ 16,943</u>	<u>\$ 55,700</u>	<u>\$ 33,232</u>	<u>\$ 634</u>	<u>\$ 106,509</u>

Goodwill gross and net of accumulated impairment losses were as follows:

	As of January 31,	
	2020	2019
Gross goodwill	\$ 118,006	\$ 62,439
Accumulated impairment loss	(11,497)	(11,497)
Net goodwill	<u>\$ 106,509</u>	<u>\$ 50,942</u>

Goodwill is tested for impairment on an annual basis and between annual tests whenever a triggering event indicates there may be an impairment. The annual impairment tests were completed for each reporting unit in the fourth quarter based on a November 30th valuation date.

Fiscal 2020 & 2019 Goodwill Impairment Testing

In fiscal 2020 and 2019 no triggering events were deemed to have occurred in any of the quarterly periods and no impairments were recorded as a result of the annual impairment testing. In its annual impairment testing, the Company concluded a quantitative analysis was not required for any of its reporting units based on the Company's qualitative analysis.

Fiscal 2018 Goodwill Impairment Testing

In fiscal 2018 no triggering events were deemed to have occurred in any of the quarterly periods and no impairments were recorded as a result of the annual impairment testing. In its annual impairment testing, the Company concluded a quantitative analysis was not required for the Applied Technology and Engineered Films reporting units. This was based on the Company's qualitative analysis and the fact that the estimated fair value in the Company's most recent impairment test substantially exceeded its carrying value for each of these reporting units.

For the Aerostar reporting unit, the Company determined the excess of the fair value of the reporting unit over its carry value in the previous year's annual impairment assessment was not significant enough based on the current macroeconomic conditions to perform a qualitative analysis. As such, the Company performed a quantitative analysis for the annual impairment assessment of the Aerostar reporting unit. In determining the estimated fair value of the Aerostar reporting unit, the Company was required to estimate a number of factors, including future revenues and expenses, projected capital expenditures, changes in net working capital and the discount rate. On the basis of these estimates, the November 30, 2017, analysis indicated that the estimated fair

(Dollars in thousands, except per-share amounts)

value of the Aerostar reporting unit exceeded the reporting unit carrying value by approximately \$11,600 or approximately 41%, as such there were no goodwill impairment losses reported in the year ended January 31, 2018.

Intangible Assets

The following table provides the gross carrying amount for intangible assets and the related accumulated amortization of definite-lived intangible assets:

	For the years ended January 31,					
	2020			2019		
	Amount	Accumulated amortization	Net	Amount	Accumulated amortization	Net
Existing technology	\$ 9,190	\$ (7,706)	\$ 1,484	\$ 9,203	\$ (7,216)	\$ 1,987
Customer relationships	16,067	(6,868)	9,199	15,791	(5,508)	10,283
Patents and other intangibles	6,678	(2,444)	4,234	5,908	(1,885)	4,023
In-process research and development ^(a)	31,300	—	31,300	—	—	—
Total	\$ 63,235	\$ (17,018)	\$ 46,217	\$ 30,902	\$ (14,609)	\$ 16,293

(a) Refer to Note 6 "Acquisitions and Investments in Businesses and Technologies" for a more detailed description of these indefinite-lived intangible assets acquired in business combinations in fiscal 2020.

The estimated future amortization expense for these definite-lived intangible assets during the next five years is as follows:

	2021	2022	2023	2024	2025
Estimated amortization expense	\$ 2,497	\$ 2,443	\$ 2,334	\$ 1,852	\$ 1,824

The estimated future amortization expense table above does not reflect the expected amortization associated with indefinite-lived in-process R&D assets acquired in business combinations during fiscal 2020. Amortization of these indefinite-lived intangible assets will start upon completion of the current R&D projects, which is expected to occur in fiscal year 2021, on a straight-line basis over their remaining estimated useful life. The applicable table will be updated at such time these intangible assets are placed into service.

Long-lived assets

The Company assesses the recoverability of long-lived assets, including definite-lived intangibles, equity method investments, and property plant and equipment if events or changes in circumstances indicate that an asset might be impaired. For long-lived and intangible assets, the Company performs impairment reviews by asset groups. Management periodically assesses for triggering events and discusses any significant changes in the utilization of long-lived assets. For purposes of recognition and measurement of an impairment loss, a long-lived asset is grouped with other assets and liabilities at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities.

When performing long-lived asset testing, the fair values of assets are determined based on valuation techniques using the best available information. Such valuations are derived from valuation techniques in which one or more significant inputs are not observable (Level 3 fair value measures). An impairment loss is measured and recognized when the carrying amount of an asset exceeds the estimated discounted cash flows.

Fiscal 2020 & 2019 Long-lived Assets Impairment Assessment

The Company did not identify any triggering events for any of its asset groups during fiscal 2020 and 2019 and as such there were no impairment losses reported in the year ended January 31, 2020 or 2019, for any of the Company's long-lived assets.

Fiscal 2018 Long-lived Assets Impairment Assessment

During first quarter of fiscal 2018, the Company determined the customer relationship intangible asset related to the AgEagle investment was fully impaired. This impairment is more fully described in Note 1 "Significant Accounting Policies." The Company did not identify any additional triggering events for any of its asset groups for the remainder of fiscal 2018.

NOTE 8 EMPLOYEE POSTRETIREMENT BENEFITSDefined contribution 401(k) plan

The Company has one 401(k) plan covering substantially all employees and this plan matches employee contributions up to 5%. Prior to January 1, 2018, the plan matched contributions up to 4%. Under this plan all account balances and future contributions and related earnings can be invested in several investment alternatives as well as the Company's common stock in accordance with each participant's elections. Participants may choose to make separate investment choices for current account balances and for future contributions. Participants may elect to direct up to 10% of their contributions and the employers matching contributions to the 401(k) plan into the Company's common stock. In addition, the plan does not allow a participant to exchange more than 10% of their existing account balance into the Company's common stock or permit exchanges that would cause the participant's investment in the Company's common stock to exceed 10% of the participant's total balance in the 401(k) plan. Officers of the Company may not include Raven's common stock in their 401(k) plan elections.

Total contribution expense was \$3,696, \$3,006, and \$2,263 for fiscal 2020, 2019, and 2018, respectively.

Deferred compensation plan

Effective January 1, 2018, the Company established a section 409A non-qualified deferred compensation plan (the "Plan") and associated *rabbi trust* for participants approved by the Board of Director's Personnel and Compensation Committee. The purpose of the deferred compensation plan is to attract and retain key employees by providing them with an opportunity to defer a portion of their compensation. The Plan's *rabbi trust* is funded from the participant's deferred compensation as the Company does not contribute or match participant contributions. Any assets held in *rabbi trust* are part of the Company's general assets and are subject to creditor's claims. The Company's common stock is not an investment option under this Plan as all contributions to the *rabbi trust* are invested in open-end mutual funds registered with the Securities and Exchange Commission based on the participant's investment elections.

The Company reports these financial instruments at fair value using level 1 observable inputs and are primarily classified as long term assets and reported as "Other assets" in the Consolidated Balance Sheets. The fair value of the liability and financial instruments held were \$1,363 and \$1,358, respectively at January 31, 2020. The fair value of the liability and financial instruments held at January 31, 2019 were not material. Changes in the fair value of these financial instruments, realized gains and losses, dividends, and interest income were reported in "Other income (expense), net" on the Consolidated Statements of Income and Comprehensive Income and were not material for fiscal years 2020 and 2019.

Defined benefit postretirement plan

In addition, the Company provides postretirement medical and other benefits to certain senior executive officers and senior managers. These plan obligations are unfunded and therefore have no assets as of January 31, 2020, and 2019. The accumulated benefit obligation is as follows:

	For the years ended January 31,	
	2020	2019
Benefit obligation at beginning of year	\$ 8,001	\$ 8,571
Service cost	27	28
Interest cost	333	316
Actuarial (gain) loss and assumption changes	1,053	(473)
Retiree benefits paid	(341)	(441)
Benefit obligation at end of year	\$ 9,073	\$ 8,001

Service cost is reported in net income as "Cost of sales" or "Selling, general, and administrative expenses" in a manner consistent with the classification of direct labor and personnel costs of the eligible employees. The components of the net periodic benefit cost, other than the service cost component, are classified as a non-operating expense in "Other income (expense), net" on the Consolidated Statements of Income and Comprehensive Income.

(Dollars in thousands, except per-share amounts)

The following tables set forth the plan's pre-tax adjustment to accumulated other comprehensive income/loss:

	For the years ended January 31,	
	2020	2019
Amounts not yet recognized in net periodic benefit cost:		
Net actuarial loss	\$ 3,070	\$ 2,114
Prior service cost	(253)	(413)
Total pre-tax accumulated other comprehensive loss	\$ 2,817	\$ 1,701
Pre-tax accumulated other comprehensive loss - beginning of year related to benefit obligation		
	\$ 1,701	\$ 2,142
Reclassification adjustments recognized in benefit cost:		
Recognized net (loss)	(97)	(128)
Amortization of prior service cost	160	160
Amounts recognized in AOCI during the year:		
Net actuarial (gain) loss	1,053	(473)
Pre-tax accumulated other comprehensive loss - end of year related to benefit obligation	\$ 2,817	\$ 1,701

The net actuarial loss for fiscal year 2020 was the result of a decrease in the discount rate by 111 basis points. The mortality assumptions and claims experience were also updated and were favorable to the benefit obligation at January 31, 2020 by approximately \$400. The net actuarial gain for fiscal year 2019 was the result of an increase in the discount rate by 50 basis points and unfavorable medical cost trends. The liability and net periodic benefit cost reflected in the Consolidated Balance Sheets and Consolidated Statements of Income and Comprehensive Income were as follows:

	For the years ended January 31,	
	2020	2019
Beginning liability balance	\$ 8,001	\$ 8,571
Net periodic benefit cost	297	312
Other comprehensive (gain) loss	1,116	(441)
Total recognized in net periodic benefit cost and other comprehensive income	1,413	(129)
Retiree benefits paid	(341)	(441)
Ending liability balance	\$ 9,073	\$ 8,001
Current portion in accrued liabilities		
	\$ 332	\$ 323
Long-term portion in other liabilities		
	\$ 8,741	\$ 7,678
Assumptions used to calculate benefit obligation:		
Discount rate	3.14 %	4.25 %
Rate of compensation increase	4.00 %	4.00 %
Health care cost trend rates:		
Health care cost trend rate assumed for next year	6.17 %	6.33 %
Ultimate health care cost trend rate	4.50 %	4.50 %
Year that the rate reaches the ultimate trend rate	2030	2030
Assumptions used to calculate the net periodic benefit cost:		
Discount rate	4.25 %	3.75 %
Rate of compensation increase	4.00 %	4.00 %

The discount rate is based on matching rates of return on high-quality fixed-income investments with the timing and amount of expected benefit payments. No material fluctuations in retiree benefit payments are expected in future years.

(Dollars in thousands, except per-share amounts)

The Company expects to make \$337 in postretirement medical and other benefit payments in fiscal 2021. The following postretirement other than pension benefit payments, which reflect expected future service as appropriate, are expected to be paid:

	2021	2022	2023	2024	2025	2026 - 2030
Expected postretirement medical and other benefit payments	\$ 337	\$ 344	\$ 349	\$ 350	\$ 349	\$ 1,864

NOTE 9 WARRANTIES

Changes in the warranty accrual were as follows:

	For the years ended January 31,		
	2020	2019	2018
Beginning balance	\$ 890	\$ 1,163	\$ 1,547
Change in provision	3,326	1,449	1,762
Settlements made	(2,197)	(1,722)	(2,146)
Ending balance	\$ 2,019	\$ 890	\$ 1,163

NOTE 10 INCOME TAXES

The reconciliation of income tax computed at the federal statutory rate to the Company's effective income tax rate was as follows:

	For the years ended January 31,		
	2020	2019	2018
Tax at U.S. federal statutory rate	21.0 %	21.0 %	33.8 %
Impact of the Tax Cuts and Jobs Act	—	—	(0.1)
State and local income taxes, net of U.S. federal tax benefit	0.8	1.7	1.6
Tax credit for research activities	(4.6)	(2.3)	(1.8)
Tax benefit on qualified production activities	—	—	(3.0)
Tax benefit from foreign-derived intangible income	(1.1)	(0.8)	—
Tax benefit on insurance premiums	(1.2)	(0.8)	(1.3)
Change in uncertain tax positions	0.3	—	0.1
Foreign tax rate difference	—	0.1	—
Impact of settlement of stock-based awards	(3.3)	(2.4)	1.2
Change in valuation allowances	0.8	—	—
Other, net	0.8	(0.8)	—
Effective Tax Rate	13.5 %	15.7 %	30.5 %

The decrease in the effective tax rate for fiscal 2020 was driven primarily by the decrease in current year profitability that resulted in a higher R&D tax credit as a percentage of pre-tax income.

The decrease in the effective tax rate for fiscal 2019 compared to fiscal 2018 was primarily due to the decrease in the federal statutory tax rate pursuant to the TCJA and the recognition of net favorable discrete tax items.

(Dollars in thousands, except per-share amounts)

The expense (benefit) for income taxes consists of:

	For the years ended January 31,		
	2020	2019	2018
Current expense (benefit):			
Federal	\$ 3,401	\$ 6,910	\$ 17,057
State	416	1,099	1,549
Foreign	98	735	148
	<u>3,915</u>	<u>8,744</u>	<u>18,754</u>
Deferred expense (benefit):			
Federal	1,271	1,018	(613)
State	204	73	(13)
Foreign	31	(138)	(161)
	<u>1,506</u>	<u>953</u>	<u>(787)</u>
Income tax expense	<u>\$ 5,421</u>	<u>\$ 9,697</u>	<u>\$ 17,967</u>

Deferred Tax Assets (Liabilities)

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's deferred tax assets and liabilities were as follows:

	As of January 31,	
	2020	2019
Deferred tax assets:		
Accounts receivable	\$ 286	\$ 147
Inventories	1,152	1,110
Accrued vacation	778	695
Insurance obligations	205	187
Warranty obligations	454	200
Postretirement benefits	2,042	1,800
Uncertain tax positions	445	487
Share-based compensation	1,927	1,834
Tax loss carryforwards	3,929	—
Leases	962	—
Other accrued liabilities	952	913
	<u>13,132</u>	<u>7,373</u>
Valuation allowance	(630)	—
	<u>12,502</u>	<u>7,373</u>
Deferred tax (liabilities):		
Depreciation and amortization	(18,086)	(8,498)
Leases	(962)	—
Other	(518)	(518)
	<u>(19,566)</u>	<u>(9,016)</u>
Net deferred tax asset (liability)	<u>\$ (7,064)</u>	<u>\$ (1,643)</u>

Uncertain Tax Positions

A summary of the activity related to the gross unrecognized tax benefits (excluding interest and penalties) is as follows:

	For the years ended January 31,		
	2020	2019	2018
Gross unrecognized tax benefits at beginning of year	\$ 2,228	\$ 2,216	\$ 2,110
Increases in tax positions related to the current year	338	415	426
Increases in tax positions related to prior years	45	—	—
Decreases as a result of lapses in applicable statutes of limitation	(435)	(403)	(320)
Gross unrecognized tax benefits at end of year	<u>\$ 2,176</u>	<u>\$ 2,228</u>	<u>\$ 2,216</u>

(Dollars in thousands, except per-share amounts)

The total unrecognized tax benefits (including interest and penalty) that, if recognized, would affect the Company's effective tax rate were \$2,162, \$2,183, and \$2,143 as of January 31, 2020, 2019, and 2018, respectively. The Company recognizes interest and penalties accrued related to unrecognized tax benefits in income tax expense. At January 31, 2020, 2019 and 2018, accrued interest and penalties were \$430, \$442, and \$418, respectively. The Company does not expect any significant change in the amount of unrecognized tax benefits in the next fiscal year.

As of January 31, 2020, the Company had a Canada net operating loss ("NOL") carryforward of approximately \$3,001 due to the acquisition of a majority interest in DOT in the current fiscal year. A deferred tax asset has been recorded for this NOL carryforward in the amount of \$630. However, due to uncertainty in future taxable income of DOT, a valuation allowance in the amount of \$630 has been recorded.

Additional Tax Information

The Company files tax returns, including returns for its subsidiaries, with various federal, state, and local jurisdictions. Uncertain tax positions are related to tax years that remain subject to examination. As of January 31, 2020, federal tax returns filed in the U.S. for fiscal years ended January 31, 2017 through January 31, 2019 remain subject to examination by federal tax authorities. In state and local jurisdictions, tax returns for fiscal years ended January 31, 2014 through January 31, 2019 remain subject to examination by state and local tax authorities. International jurisdictions have open tax years varying by location beginning in fiscal 2014.

Pre-tax book income (loss) for the U.S. companies and the foreign subsidiaries was \$44,328 and \$(4,294), respectively. As of January 31, 2020, the Company has no deferred tax liability recognized relating to the Company's investment in foreign subsidiaries where the earnings have been indefinitely reinvested. The TCJA generally eliminates U.S. federal income taxes on dividends from foreign subsidiaries, and as a result, the accumulated undistributed earnings would only be subject to other taxes, such as withholding taxes and state income taxes, on distribution of such earnings. No additional withholding or income taxes have been provided for any remaining undistributed foreign earnings, as it is the Company's intention for these amounts to continue to be indefinitely reinvested in foreign operations.

NOTE 11 FINANCING ARRANGEMENTS

Credit Facility

The Company entered into a credit facility on September 20, 2019, with Bank of America, N. A., as administrative agent, and Wells Fargo Bank, National Association (the Credit Agreement). The Credit Agreement provides for a syndicated senior revolving credit facility up to \$100,000 with a maturity date of September 20, 2022. Loan proceeds may be utilized by Raven for strategic business purposes, such as business acquisitions, and for net working capital needs.

This new Credit Agreement replaces the Company's previous Credit Agreement which was scheduled to mature in April 2020. The Company was able to take advantage of more favorable pricing with the new Credit Agreement.

The unamortized debt issuance costs associated with this Credit Agreement were as follows:

	As of January 31,	
	2020	2019
Unamortized debt issuance costs ^(a)	\$ 215	\$ 132

^(a) Unamortized debt issuance costs are amortized over the term of the Credit Agreement and are reported as "Other assets" in the Consolidated Balance Sheets.

Loans or borrowings defined under the Credit Agreement bear interest and fees at varying rates and terms defined in the Credit Agreement based on the type of borrowing as defined. The Credit Agreement includes annual administrative and unborrowed capacity fees. Such fees were \$181, \$212 and \$211 for the years ended January 31, 2020, 2019 and 2018, respectively.

The Credit Agreement also contains customary affirmative and negative covenants, including those relating to financial reporting and notification, limits on levels of indebtedness and liens, investments, mergers and acquisitions, affiliate transactions, sales of assets, restrictive agreements, and change in control as defined in the Credit Agreement. Financial covenants include an interest coverage ratio and funded indebtedness to earnings before interest, taxes, depreciation, and amortization as defined in the Credit Agreement. The Company is in compliance with all financial covenants as of January 31, 2020.

(Dollars in thousands, except per-share amounts)

Letters of credit (LOC) issued and outstanding were as follows:

	As of January 31,	
	2020	2019
Letters of credit outstanding ^(a)	\$ 50	\$ 514

^(a)Any draws required under the LOC would be settled with available cash or borrowings under the Credit Agreement.

There were no borrowings outstanding at January 31, 2020 or January 31, 2019. Availability under the Credit Agreement for borrowings as of January 31, 2020 was \$100,000.

Long-Term Notes

The Company assumed certain long-term notes pursuant to the acquisition of Smart Ag and the acquisition of a majority ownership in DOT in fiscal year 2020 as described in Note 6 "Acquisitions and Investments in Businesses and Technologies". The Company has repaid all acquired long-term notes except one DOT related financial assistance agreement (Agreement) between DOT and Western Economic Diversification Canada (WEDC), a government agency in Canada, that was entered into in August 2019. Under the Agreement, the WEDC agrees to contribute up to \$5,000 over a three year period for costs incurred to develop a cloud-based distribution and service channel for a particular product being developed by DOT. DOT is eligible to receive contributions for costs incurred for purposes specified in the Agreement. The Company is required to repay the funds contributed by WEDC in 60 monthly installments beginning April 1, 2023, plus interest that begins on April 1, 2023, based on an average bank rate plus 3%. As of January 31, 2020, the Company had received \$225 in contributions from WEDC and no repayments have been made. The outstanding liability balance is reported as "Long-term borrowings" on the Consolidated Balance Sheets.

At January 31, 2020, the Company's debt maturities based on outstanding principal were as follows:

	2021	2022	2023	2024	2025	Thereafter
Maturities of debt	\$ —	\$ —	\$ —	\$ 225	\$ —	\$ —

NOTE 12 LEASES

The Company enters into operating and finance lease contracts related to facilities, vehicles and equipment. Operating leases are primarily related to facilities to support production, R&D, and sales efforts. Finance leases are primarily related to vehicles and equipment to support general business operations. Lease payments are typically fixed and carry lease terms of one to six years, some of which have an option to terminate or extend up to an additional ten years. For purposes of the quantitative disclosures below related to the calculation of operating and finance leases, lease terms predominantly did not include options to terminate or extend, as the Company is reasonably certain it would not exercise the options. Most of the Company's leases do not contain a purchase option, material residual value guarantee, or material restrictive covenants.

The Company is primarily a lessee in all lease arrangements but may become a lessor and lease or sublease certain assets to other entities if not fully utilized. These lessor activities are not material and are not separately disclosed.

To determine whether a contract is or contains a lease, the Company assessed its right to control the use of the identified asset, whether explicitly or implicitly stated, for a period of time while considering all facts and circumstances for each individual arrangement. The Company also has leases with non-lease components which are separately stated within the agreement and not included in the recognition of the right-of use asset and lease liability balances.

The discount rate used to calculate the present value of the lease liabilities is based upon the implied rate within each contract. If the rate is unknown or cannot be determined, the Company uses an incremental borrowing rate, which is determined by the length of the contract, asset class, and the Company's borrowing rates as of the commencement date of the contract.

Components of Company lease costs, including operating, finance, and short-term leases are included in the table below. Depreciation of right-of-use assets, operating lease costs, and short-term lease costs are reported in net income as "Cost of sales," "Research and development expenses," or "Selling, general, and administrative expenses," depending on what business function the asset primarily supports. Interest on lease liabilities are classified as a non-operating expense in "Other income (expense), net" on the Consolidated Statements of Income and Comprehensive Income.

(Dollars in thousands, except per-share amounts)

**For the Year
Ended
January 31, 2020**

Lease Costs:		
Finance Leases		
Depreciation of right-of-use assets	\$	413
Interest on lease liabilities		21
Total finance lease cost	\$	434
Operating Leases		
Operating lease cost	\$	1,536
Short-term lease cost		446
Total operating lease cost		1,982
Total finance and operating lease cost	\$	2,416

Supplemental balance sheet information related to operating and finance leases include:

	As of January 31, 2020
Operating Leases	
Operating lease right-of-use assets	\$ 4,275
Current lease liability	\$ 2,272
Non-current lease liability	2,370
Total operating lease liabilities	\$ 4,642
Finance Leases	
Property, plant and equipment, at cost	\$ 881
Accumulated depreciation	(366)
Property, plant and equipment, net	\$ 515
Current lease liability	\$ 258
Non-current lease liability	257
Total finance lease liabilities	\$ 515

Weighted average remaining lease terms and discount rates include:

	As of January 31, 2020
Weighted Average Remaining Lease Term:	
Operating leases	4 years
Finance leases	2 years
Weighted Average Discount Rate:	
Operating leases	3.5 %
Finance leases	3.5 %

(Dollars in thousands, except per-share amounts)

Supplemental unaudited cash flow information related to operating and finance leases include:

	For The Year Ended January 31, 2020	
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$	1,536
Operating cash flows from finance leases	\$	21
Financing cash flows from finance leases	\$	413

Future operating and finance lease obligations that have not yet commenced as of January 31, 2020, were immaterial and excluded from the lease liability schedule below accordingly.

	As of January 31, 2020	
	Operating Leases	Finance Leases
Fiscal 2021	\$ 2,406	\$ 271
Fiscal 2022	1,178	160
Fiscal 2023	444	84
Fiscal 2024	232	21
Fiscal 2025	134	—
Thereafter	570	—
Total lease payments	4,964	536
Less imputed interest	(322)	(21)
Total lease liabilities	<u>\$ 4,642</u>	<u>\$ 515</u>

Prior to adoption of ASU 2016-02

Prior to the Company's adoption of ASU 2016-02 in the first quarter of fiscal year 2020, future minimum lease payments reported in the Company's Annual Report on Form 10-K for the year ended January 31, 2019, were as follows:

	As of January 31, 2020	
	Operating Leases	Capital Leases
Fiscal 2020	\$ 2,213	\$ 182
Fiscal 2021	1,939	102
Fiscal 2022	728	44
Fiscal 2023	356	2
Fiscal 2024	140	—
Thereafter	—	—
Total lease payments	<u>\$ 5,376</u>	<u>330</u>
Less amount representing estimated executory costs such as taxes, license and insurance including profit thereon		(14)
Less amounts representing interest		(32)
Present value of net minimum lease payments		<u>\$ 284</u>

For capital leases, total amortization expense was \$200 and \$65 in fiscal 2019 and 2018, respectively, while interest expense for capital leases was \$39 and \$13, respectively.

Under operating leases in fiscal 2019 and 2018, the Company leased certain vehicles, equipment and facilities. Total rent and lease expense was \$2,897 and \$2,104, respectively.

NOTE 13 COMMITMENTS AND CONTINGENCIES

The Company is involved as a party in lawsuits, claims, regulatory inquiries, or disputes arising in the normal course of its business, the potential costs and liability of which cannot be determined at this time. Management does not believe the ultimate outcomes of its legal proceedings are likely to be material to its results of operations, financial position, or cash flows.

The Company has insurance policies that provide coverage to various degrees for potential liabilities arising from legal proceedings.

The Company entered into a Gift Agreement (the Agreement) effective in January 2018 with the South Dakota State University Foundation, Inc. (the Foundation). This gift will be used by South Dakota State University (SDSU), located in Brookings, SD, for the establishment of a precision agriculture facility to support SDSU's Precision Agriculture degrees and curriculum. This facility will assist the Company in further collaboration with faculty, staff, and students on emerging technology in support of the growing need for precision agriculture practices and tools.

The Company will make a \$5,000 gift to the Foundation. \$4,503 of contribution expense was recognized in first quarter of fiscal 2019 and reported as "Selling, general, and administrative expenses" with interest expense to be recognized in periods thereafter. The fair value of this contingency at January 31, 2020, was \$2,607 (measured based on the present value of the expected future cash outflows) of which \$691 was classified as "Accrued liabilities" and \$1,916 was classified as "Other liabilities" on the Consolidated Balance Sheet. The fair value of this contingency at January 31, 2019, was \$3,200 of which \$691 was classified as "accrued liabilities" and \$2,509 was classified as "Other liabilities" on the Consolidated Balance Sheet. As of January 31, 2020, the Company has made payments related to the commitment totaling \$2,145.

In addition to commitments disclosed elsewhere in the Notes to the Consolidated Financial Statements, the Company has approximately \$32,000 of unconditional purchase obligations for inventory and other obligations that arise in the normal course of business operations and have a term of less than one year. The majority of these obligations are related to the Applied Technology and Engineered Films divisions and arise from the purchase of raw materials inventory.

NOTE 14 SHARE-BASED COMPENSATION

At January 31, 2020, the Company had two shareholder approved share-based compensation plans, which are described below. The compensation cost and related income tax benefit for these plans were as follows:

	For the years ended January 31,		
	2020	2019	2018
Share-based compensation cost	\$ 4,971	\$ 3,951	\$ 3,725
Tax benefit	\$ 670	\$ 736	\$ 1,275

Share-based compensation cost capitalized as part of inventory is not significant.

Equity Compensation Plans

The Company reserved shares of its common stock for issuance to directors, officers, employees and certain advisors of the Company through incentive stock options and non-statutory stock options, stock appreciation rights, stock awards, restricted stock, restricted stock units (RSUs) and performance awards to be granted under the 2019 Equity Incentive Plan (the Plan) which was approved by shareholders on May 21, 2019. The number of shares initially available for grant under the Plan was 1,300,000. As of January 31, 2020, the number of shares available for grant was 1,156,389.

Shares outstanding under the Amended and Restated 2010 Stock Incentive Plan (the "2010 Plan") are still subject to terms of the 2010 Plan, but if those awards subsequently expire, are forfeited or cancelled, or are settled in cash, the shares subject to those awards will become available under the Plan. Under both Plans, option exercises or units and awards vested are settled in newly issued common shares. As of January 31, 2020, the number of shares reserved for grant under the 2010 plan for grants, RSUs or awards was 862,834.

Both plans are administered by the Personnel and Compensation Committee of the Board of Directors (the Committee), consisting of two or more independent directors of the Company. The Committee determines the option exercise prices and the term of each grant. The Committee may accelerate the exercisability of awards under either Plan or extend the term of such

(Dollars in thousands, except per-share amounts)

awards to the extent allowed to a maximum term of ten years. One type of award, restricted stock units, was granted in fiscal 2020.

Stock Option Awards

The Company granted no non-qualified stock options during fiscal 2020. For fiscal years prior to fiscal 2020, options were granted with exercise prices not less than the market value of the Company's common stock at the date of grant. The stock options vest over a four-year period and expire after five years. Options contain retirement and change-in-control provisions that may accelerate the vesting period. The fair value of each option grant was estimated on the date of grant using the Black-Scholes option pricing model. The Company used historical data to estimate option exercises, employee terminations and volatility within this valuation model.

The weighted average assumptions used for the Black-Scholes option pricing model by grant year were as follows:

	For the years ended January 31,	
	2019	2018
Risk-free interest rate	2.51 %	1.68 %
Expected dividend yield	1.48 %	1.78 %
Expected volatility factor	35.20 %	33.87 %
Expected option term (in years)	4.25	4.25
Weighted average grant date fair value	\$ 9.83	\$ 7.35

Outstanding stock options as of January 31, 2020, and activity for the year then ended are presented below:

	Number of options	Weighted average exercise price	Aggregate intrinsic value	Weighted average remaining contractual term (years)
Outstanding, January 31, 2019	368,130	\$ 23.06		
Granted	—	—		
Exercised	(146,145)	20.30		
Forfeited	(7,725)	20.62		
Outstanding, January 31, 2020	214,260	\$ 25.03	\$ 1,564	2.00
Outstanding exercisable, January 31, 2020	76,879	\$ 24.18	\$ 603	1.85
Options vested, or expected to vest, January 31, 2020	214,260	\$ 25.03	\$ 1,564	2.00

The intrinsic value of a stock award is the amount by which the fair value of the underlying stock exceeds the exercise price of the award. The total intrinsic value of options exercised was \$2,620, \$7,568, and \$1,036 during the years ended January 31, 2020, 2019 and 2018, respectively. The total fair value of options vested was \$749, \$892 and \$1,312, during the years ended January 31, 2020, 2019 and 2018, respectively. As of January 31, 2020, the total unrecognized compensation cost for non-vested awards was \$265. This amount is expected to be recognized over a weighted average period of 1.7 years.

Restricted Stock Unit Awards

The Company granted 203,539 time-vested RSUs during the year ended January 31, 2020. The fair value of a time-vested RSU is measured based upon the closing market price of the Company's common stock on the day prior to the date of grant. Time-vested RSUs will vest if, at the end of the vesting period, the employee remains employed by the Company. RSUs contain retirement and change-in-control provisions that may accelerate the vesting period. Dividends are cumulatively earned on the time-vested RSUs over the vesting period and are forfeited if such RSUs do not vest.

(Dollars in thousands, except per-share amounts)

Activity for time-vested RSUs under the Plan in fiscal 2020 was as follows:

	Number of restricted stock units	Weighted average grant date fair value per share
Outstanding, January 31, 2019	166,025	\$ 26.09
Granted	203,539	36.04
Vested	(61,051)	16.03
Forfeited	(8,001)	33.26
Outstanding, January 31, 2020	<u>300,512</u>	\$ 34.69
Cumulative dividends, January 31, 2020	4,890	

The Company also granted performance-based RSUs during the year ended January 31, 2020. The exact number of performance shares to be issued will vary from 0% to 200% of the target award, depending on the Company's actual performance over the vesting period in comparison to the target award. The target awards for the fiscal 2020, 2019 and 2018 grants are based on return on equity (ROE), which is defined as net income attributable to Raven divided by the average of beginning and ending shareholders' equity for the fiscal year. The performance-based RSUs will vest if, at the end of the performance period, the Company has achieved certain performance goals and the employee remains employed by the Company. Performance-based RSUs contain retirement and change-in-control provisions that may accelerate the vesting period. Dividends are cumulatively earned on performance-based RSUs over the vesting period and are forfeited if such RSUs do not vest.

The fair value of the performance-based restricted stock units is based upon the closing market price of the Company's common stock on the day prior to the grant date. The number of restricted stock units granted is based on 100% of the target award. The number of RSUs that will vest is determined by the estimated ROE target over the performance period. The estimated performance factor used to estimate the number of restricted stock units expected to vest is evaluated quarterly. The number of restricted stock units issued at the vesting date will be based on actual results.

Activity for performance-based RSUs under the Plan in fiscal 2020 was as follows:

	Number of restricted stock units expected to vest	Weighted average grant date fair value per share
Outstanding, January 31, 2019	164,300	\$ 22.44
Granted	46,626	39.01
Vested	(96,075)	15.61
Forfeited	(1,300)	29.20
Performance-based adjustment	45,496	39.40
Outstanding, January 31, 2020	<u>159,047</u>	\$ 36.22
Cumulative dividends, January 31, 2020	2,269	

The weighted average grant date fair values of the time-based and performance-based RSUs by grant year are as follows:

	For the years ended January 31,		
	2020	2019	2018
Weighted average grant date fair value: time-based RSUs	\$ 36.04	\$ 35.15	\$ 29.33
Weighted average grant date fair value: performance-based RSUs	\$ 39.01	\$ 35.05	\$ 29.20

The total intrinsic value of RSUs vested (or converted to shares) was \$6,120, \$2,468, and \$685 during the years ended January 31, 2020, 2019 and 2018, respectively. The total fair value of RSUs vested (or converted to shares) was \$5,948, \$2,477, and \$678, during the years ended January 31, 2020, 2019 and 2018, respectively. As of January 31, 2020, there were 459,559

(Dollars in thousands, except per-share amounts)

outstanding RSUs expected to vest with a weighted average term of 2.3 years and an aggregate intrinsic value of \$14,412. None of the outstanding RSUs are vested as of January 31, 2020. The total unrecognized compensation cost for non-vested RSU awards at January 31, 2020, was \$10,104. This amount is expected to be recognized over a weighted average period of 2.3 years.

Deferred Stock Compensation Plan for Directors

The Company issues common stock to certain members of its Board of Directors under the Deferred Stock Compensation Plan for Directors of Raven Industries, Inc. (the Director Plan). The Director Plan is administered by the Personnel and Compensation Committee of the Board of Directors. Under the Director Plan, any non-employee director receives a grant of a number of stock units as deferred compensation to be converted into common stock after retirement from the Board of Directors and may elect to have a specified percentage of their annual retainer converted to stock units. Under the Director Plan, a stock unit is the right to receive one share of the Company's common stock as deferred compensation, to be distributed from an account established by the Company in the name of the non-employee director. Stock units have the same value as a share of common stock but cannot be sold. Stock units are a component of the Company's equity.

Stock units granted under the Director Plan vest immediately and are expensed at the date of grant. When dividends are paid on the Company's common shares, stock units are added to the directors' balances and a corresponding amount is removed from retained earnings. The intrinsic value of a stock unit is the fair value of the underlying shares.

Outstanding stock units as of January 31, 2020, and changes during the year then ended are presented below:

	Number of stock units	Weighted average price
Outstanding, January 31, 2019	105,225	\$ 22.67
Granted	19,528	34.82
Deferred retainers	2,872	34.82
Dividends	1,788	35.66
Outstanding, January 31, 2020	<u>129,413</u>	<u>\$ 24.95</u>

NOTE 15 NET INCOME PER SHARE

Basic net income per share is computed by dividing net income by the weighted average common shares and stock units outstanding. Diluted net income per share is computed by dividing net income by the weighted average common and common equivalent shares outstanding which includes the shares issuable upon exercise of employee stock options (net of shares assumed purchased with the option proceeds), stock units and restricted stock units outstanding. Performance share awards are included in the diluted calculation based upon what would be issued if the end of the most recent reporting period was the end of the term of the award.

Certain outstanding options and restricted stock units were excluded from the diluted net income per-share calculations because their effect would have been anti-dilutive under the treasury stock method. The options and restricted stock units excluded from the diluted net income per share calculation were as follows:

	For the years ended January 31,		
	2020	2019	2018
Anti-dilutive options and restricted stock units	29,876	54,631	344,774

(Dollars in thousands, except per-share amounts)

The computation of earnings per share is presented below:

	For the years ended January 31,		
	2020	2019	2018
Numerator:			
Net income attributable to Raven Industries, Inc.	\$ 35,196	\$ 51,794	\$ 41,022
Denominator:			
Weighted average common shares outstanding	35,861,255	35,907,041	35,945,225
Weighted average stock units outstanding	122,792	99,922	104,980
Denominator for basic calculation	35,984,047	36,006,963	36,050,205
Weighted average common shares outstanding	35,861,255	35,907,041	35,945,225
Weighted average stock units outstanding	122,792	99,922	104,980
Dilutive impact of stock options and RSUs	231,708	431,595	399,620
Denominator for diluted calculation	36,215,755	36,438,558	36,449,825
Net income per share - basic	\$ 0.98	\$ 1.44	\$ 1.14
Net income per share - diluted	\$ 0.97	\$ 1.42	\$ 1.13

NOTE 16 BUSINESS SEGMENTS AND MAJOR CUSTOMER INFORMATION

The Company's operating segments, which are also its reportable business segments, are defined by their product lines which have been generally grouped based on technology, manufacturing processes, and end-use application. The Company's business segments are Applied Technology Division, Engineered Films Division, and Aerostar Division. Separate financial information is available for each segment and regularly evaluated by the Company's chief operating decision-maker, the President and Chief Executive Officer, in making resource allocation decisions for the Company's segments. Segment information is reported consistent with the Company's management reporting structure.

Applied Technology designs, manufactures, sells, and services innovative precision agriculture products and information management tools, which are collectively referred to as precision agriculture equipment, that help farmers reduce costs, more precisely control inputs, and improve farm yields for the global agriculture market. The Applied Technology product families include application controls, GPS-guidance steering systems, field computers, automatic boom controls, machine automation, and injection systems. Applied Technology's services include wireless connectivity, cloud-based data management and logistics services. Applied Technology's acquisition of Smart Ag and acquisition of a majority ownership in DOT in November 2019, brings a unique U-shaped platform designed to autonomously handle a large variety of agriculture implements along with perception, path planning, machine safety, and remote communication solutions to the precision ag market.

Engineered Films produces high-performance plastic films and sheeting for geomembrane, agricultural, construction, and industrial applications and also offers design-build and installation services of these plastic films and sheeting. Plastic film and sheeting can be purchased separately or together with installation services. Engineered Films sells both direct to end-customers and through independent third-party distributors. The majority of product sold into the construction and agriculture markets is through distributors, while sales into the geomembrane and industrial markets are more direct in nature. The Company extrudes a significant portion of the film converted for its commercial products and believes it is one of the largest sheeting converters in the United States in the markets it serves. Engineered Films' ability to extrude and convert films, along with offering installation services for its geomembrane products, allows it to provide a more customized solution to customers. A number of film manufacturers compete with the Company on both price and product availability.

Aerostar serves the aerospace and defense and commercial lighter-than-air markets. Aerostar's core products include high-altitude stratospheric platforms, technical services, and radar systems. These products can be integrated with additional third-party sensors to provide research, communications, and situational awareness capabilities to governmental and commercial customers. Aerostar's growth strategy emphasizes the design and manufacture of proprietary products in these markets. Aerostar also pursues product and support services contracts with U.S. government agencies as well as sales of radar systems in international markets.

(Dollars in thousands, except per-share amounts)

The Company measures the performance of its segments based on their operating income excluding administrative and general expenses. The accounting policies of the operating segments are the same as those described in Note 1 "Summary of Significant Accounting Policies." Other income, interest expense, and income taxes are not allocated to individual operating segments, and assets not identifiable to an individual segment are included as corporate assets.

Business segment financial performance and other information is as follows:

	For the years ended January 31,		
	2020	2019	2018
APPLIED TECHNOLOGY DIVISION			
Sales	\$ 130,460	\$ 129,749	\$ 124,688
Operating income ^{(a)(f)}	30,672	39,044	31,257
Assets ^{(b)(c)}	172,320	79,742	66,555
Capital expenditures	1,464	2,050	1,489
Depreciation and amortization	3,995	3,433	3,365
ENGINEERED FILMS DIVISION			
Sales ^(d)	\$ 197,719	\$ 226,574	\$ 213,298
Operating income ^(a)	28,695	39,714	47,324
Assets ^(b)	158,440	159,592	168,797
Capital expenditures	5,317	9,544	8,128
Depreciation and amortization	9,518	9,149	8,761
AEROSTAR DIVISION			
Sales	\$ 54,443	\$ 50,867	\$ 39,915
Operating income ^(a)	8,597	8,179	4,122
Assets ^(b)	26,344	21,515	22,127
Capital expenditures	652	168	343
Depreciation and amortization	933	891	1,386
INTERSEGMENT ELIMINATIONS			
Sales			
Applied Technology Division	\$ (2)	\$ (10)	\$ —
Engineered Films Division	(90)	(512)	(584)
Operating income ^(a)	—	(35)	20
Assets ^(b)	(104)	(104)	(3,380)
REPORTABLE SEGMENTS TOTAL			
Sales ^(d)	\$ 382,530	\$ 406,668	\$ 377,317
Operating income ^(a)	67,964	86,902	82,723
Assets ^(b)	357,000	260,745	254,099
Capital expenditures	7,433	11,762	9,960
Depreciation and amortization	14,446	13,473	13,512
CORPORATE & OTHER			
Operating (loss) from administrative expenses ^{(a)(e)}	\$ (28,025)	\$ (31,769)	\$ (23,553)
Assets ^{(b)(c)(g)}	46,257	99,500	72,704
Capital expenditures	1,127	2,365	2,051
Depreciation and amortization	1,795	1,650	1,290
TOTAL COMPANY			
Sales ^(d)	\$ 382,530	\$ 406,668	\$ 377,317
Operating income ^(e)	39,939	55,133	59,170
Assets	403,257	360,245	326,803
Capital expenditures	8,560	14,127	12,011
Depreciation and amortization	16,241	15,123	14,802

^(a) At the segment level, operating income does not include an allocation of general and administrative expenses and, as a result, general and administrative expenses are reported as "Operating (loss) from administrative expenses" in Corporate & Other.

^(b) Certain facilities owned by the Company are shared by more than one reporting segment. All facilities are reported as an asset based on the segment that

(Dollars in thousands, except per-share amounts)

acquired the asset as the Company believes this most appropriately reflects the total assets of each business segment. Expenses and costs related to these facilities, including depreciation expense, are allocated and reported in each reporting segment's operating income for each fiscal year presented.

^(c) Applied Technology fiscal 2020 Assets include goodwill and intangible assets related to the acquisition of Smart Ag and the acquisition of a majority ownership in DOT. These assets are further disclosed in Note 6 "Acquisitions and Investments in Business Technologies". Fiscal 2020 Assets for the Corporate & Other segment reflect the use of cash to fund the acquisition of Smart Ag and the acquisition of a majority ownership in DOT.

^(d) In September of fiscal year 2018, the Company acquired CLI. For the first seven months of fiscal 2019 CLI contributed a total of \$21,568 in sales and for the first seven months of fiscal 2018 the division generated \$4,109 in sales to CLI as a customer. Additionally, sales of hurricane recovery film in fiscal years 2020, 2019 and 2018 were \$1,860, \$14,494, and \$24,225, respectively.

^(e) Fiscal 2019 administrative expenses included a \$4,503 expense related to the previously announced gift to SDSU. Fiscal 2020 and 2019 included approximately \$2,700 and \$4,000 of expenses related to Project Atlas. Project Atlas related expenses in fiscal 2018 were approximately \$900.

^(f) Applied Technology's operating income for fiscal 2020 includes \$2,834 of costs and expenses incurred in fourth quarter of fiscal 2020 related to Raven Autonomy™.

^(g) Assets are principally cash, investments, and other receivables.

No customers accounted for 10% or more of consolidated net sales in fiscal 2020, 2019 or 2018.

Substantially all of the Company's long-lived assets are located in the United States. Foreign sales are attributed to countries based on location of the customer. Net sales to customers outside the United States were as follows:

	For the years ended January 31,		
	2020	2019	2018
Canada	\$ 12,121	\$ 12,492	\$ 12,940
Europe	14,681	15,786	13,864
Latin America	8,261	5,950	4,439
Asia	3,387	7,240	4,074
Other foreign sales	3,682	6,861	6,239
Total foreign sales	42,132	48,329	41,556
United States	340,398	358,339	335,761
	<u>\$ 382,530</u>	<u>\$ 406,668</u>	<u>\$ 377,317</u>

NOTE 17 QUARTERLY INFORMATION (UNAUDITED)

	Net Sales	Gross Profit	Operating Income	Pre-tax Income	Net Income Attributable to Raven	Net Income Per Share ^(a)		Cash Dividends Per Share	
						Basic	Diluted		
FISCAL 2020									
First Quarter ^(d)	\$ 98,178	\$ 35,066	\$ 15,121	\$ 15,052	\$ 13,210	\$ 0.37	\$ 0.36	\$ 0.13	
Second Quarter ^(d)	98,058	31,338	10,570	10,953	8,766	0.24	0.24	0.13	
Third Quarter ^(d)	100,533	30,304	11,332	11,416	9,934	0.28	0.28	0.13	
Fourth Quarter ^{(b)(d)}	85,761	27,039	2,916	2,613	3,286	0.09	0.09	0.13	
Total Year	<u>\$ 382,530</u>	<u>\$ 123,747</u>	<u>\$ 39,939</u>	<u>\$ 40,034</u>	<u>\$ 35,196</u>	<u>\$ 0.98</u>	<u>\$ 0.97</u>	<u>\$ 0.52</u>	
FISCAL 2019									
First Quarter ^{(c)(d)(e)}	\$ 111,129	\$ 39,998	\$ 21,531	\$ 27,210	\$ 22,135	\$ 0.62	\$ 0.61	\$ 0.13	
Second Quarter ^(d)	102,684	34,608	16,629	16,490	13,677	0.38	0.38	0.13	
Third Quarter ^(d)	104,833	32,653	13,612	14,286	13,032	0.36	0.36	0.13	
Fourth Quarter ^(d)	88,022	25,290	3,361	3,584	2,950	0.08	0.08	0.13	
Total Year	<u>\$ 406,668</u>	<u>\$ 132,549</u>	<u>\$ 55,133</u>	<u>\$ 61,570</u>	<u>\$ 51,794</u>	<u>\$ 1.44</u>	<u>\$ 1.42</u>	<u>\$ 0.52</u>	

^(a) Net income per share is computed discretely by quarter and may not add to the full year.

^(b) In the fourth quarter of fiscal 2020, the Company incurred operating expenses of \$3,152 related to the Raven Autonomy™ strategic initiative announced in November 2019.

^(c) In the first quarter of fiscal 2019, the Company sold its ownership interest in SST and recognized a gain on sale of \$5,785 reported as nonoperating income in "Other income (expense), net" in the Consolidated Statements of Income and Comprehensive Income.

^(d) Sales of hurricane recovery film in fiscal year 2020 were \$17, \$806, \$1,010 and \$27 for the first, second, third, and fourth quarters, respectively. Sales of hurricane recovery film in fiscal year 2019 were \$8,919, \$0, \$1,510 and \$4,065 for the first, second, third, and fourth quarters, respectively.

^(e) In the first quarter of fiscal 2019, the Company incurred a \$4,503 operating expense related to the previously announced gift to SDSU.

NOTE 18 SUBSEQUENT EVENTS

In March 2020, the Company was required to redeem the remaining noncontrolling interest in DOT after the minority interest shareholders exercised their put options. The redeemable amount is approximately \$20,959, of which \$18,048 is payable within ninety days of the put notice and the remaining \$2,911 is payable in November 2021. The Company expects to settle this short-term obligation by using its current cash balance along with borrowings from the Company's existing credit facility.

In December 2019, a novel strain of coronavirus disease ("COVID-19") was first reported in Wuhan, China. Less than four months later, on March 11, 2020, the World Health Organization declared COVID-19 a global pandemic. The extent of COVID-19's effect on the Company's operational and financial performance will depend on future developments, including the duration, spread and intensity of the pandemic, all of which are uncertain and difficult to predict considering the rapidly evolving landscape. The Company is currently analyzing the potential impacts to all of its business segments. At this time, it is not possible to determine the magnitude of the overall impact of COVID-19 on the Company's business. However, it could have a material adverse effect on the Company's business, financial condition, liquidity, results of operations, and cash flows. The Company is leveraging its balance sheet and drew \$50,000 on its credit facility in March 2020 to increase its cash position and help preserve its financial flexibility.

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

None.

ITEM 9A. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) are our controls and other procedures that are designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Securities Exchange Act of 1934 (the Exchange Act) is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our Chief Executive Officer (CEO) and Chief Financial Officer (CFO), as appropriate to allow timely decisions regarding required disclosure. As of January 31, 2020, the end of the period covered by this report, management evaluated the effectiveness of the Company's disclosure controls and procedures as of such date. Based on their evaluation, the CEO and CFO have concluded that the Company's disclosure controls and procedures were effective at a reasonable assurance level as of January 31, 2020.

Management's Report on Internal Control Over Financial Reporting

Pursuant to Section 404 of the Sarbanes-Oxley Act of 2002, the Company included management's assessment of the design and effectiveness of its internal controls over financial reporting as part of this Annual Report on Form 10-K for the fiscal year ended January 31, 2020. Management's report and the report of the Company's independent registered public accounting firm are included in Part II, Item 8, captioned "Management's Report on Internal Control Over Financial Reporting" and "Reports of Independent Registered Public Accounting Firm" and are incorporated herein by reference. In making this assessment of effectiveness of internal controls over financial reporting, management excluded from this assessment the internal controls over financial reporting at Dot Technology Corp., which was acquired on November 13, 2019. The total assets and total operating income of Dot Technology Corp. represent approximately 2% and (4%), respectively, of the related consolidated financial statement amounts as of and for the year ended January 31, 2020.

Changes in Internal Control Over Financial Reporting

In fiscal year 2018, the Company began a multi-year transition from its legacy ERP system to a new ERP system. Engineered Films and Aerostar went live on the Company's new ERP platform in fiscal 2020. In connection with these ERP implementations, the Company updated the processes that constitute its internal control over financial reporting, as necessary, to accommodate related changes in its business processes.

The Company believes it has maintained appropriate internal controls during its initial implementation period and will continue to evaluate, test and monitor its internal controls over financial reporting for effectiveness.

There were no other changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the three-month period ended January 31, 2020, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

Not applicable.

PART III

ITEMS 10, 11, 12, 13 and 14. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE; EXECUTIVE COMPENSATION; SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED SHAREHOLDER MATTERS; CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE; AND PRINCIPAL ACCOUNTING FEES AND SERVICES

The Company will file a definitive proxy statement with the Securities and Exchange Commission pursuant to Regulation 14A under the Exchange Act (the Proxy Statement) relating to the Company's 2020 Annual Meeting of Shareholders. Information required by Items 10 through 14 will appear in the Proxy Statement and is incorporated herein by reference.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULE

LIST OF DOCUMENTS FILED AS PART OF THIS REPORT

Financial Statements

See PART II, Item 8.

Financial Statement Schedule

Schedule II - Valuation and Qualifying Accounts for the years ended January 31, 2020, 2019, and 2018; included on the last page within Item 16 below.

All other schedules for which provision is made in the applicable accounting regulations of the Securities and Exchange Commission are not required under the related instructions or are inapplicable and therefore have been omitted.

Exhibits

See index to Exhibits below.

<u>Exhibit Number</u>	<u>Description</u>
2(a)	Asset Purchase Agreement by and among Colorado Lining International, Inc., John B. Heap, Patrick Elliott, and Raven Industries, Inc., dated as of August 22, 2017 (incorporated herein by reference to Exhibit 2.1 of the Company's Form 10-Q filed November 21, 2017).
3(a)	Restated Articles of Incorporation of Raven Industries, Inc. and all amendments thereto dated as of December 12, 2018 (incorporated herein by reference to Exhibit 3.1 of the Company's Form 10-K filed March 22, 2019).
3(b)	Amended and Restated Bylaws of Raven Industries, Inc. (incorporated herein by reference to Exhibit B of the Company's definitive Proxy Statement filed April 12, 2012).
4.1	Description of Raven Industries, Inc. Common Stock filed herewith as Exhibit 4.1.
10.1*	Amended and Restated Credit Agreement dated November 8, 2019, by and among Raven Industries, Inc. as the Borrower, certain subsidiaries of the Company, as Designated Borrowers, Bank of America, N.A., as Administrative Agent, Swingline Lender, and an L/C issuer and each of the other lenders party thereto, filed herewith as Exhibit 10.1.
10.2	Form of Performance Stock Unit Agreement under the Raven Industries, Inc. 2019 Equity Incentive Plan filed herewith as Exhibit 10.2. †

10.3	Form of Restricted Stock Unit Award Agreement under the Raven Industries, Inc. 2019 Equity Incentive Plan filed herewith as Exhibit 10.3. †
10(a)	Raven Industries, Inc. 2019 Equity Incentive Plan adopted May 21, 2019 (incorporated herein by reference to Appendix A of the Company's definitive Proxy Statement filed April 8, 2019). †
10(b)	Form of Performance Stock Unit Agreement under the Raven Industries, Inc. 2019 Equity Incentive Plan (incorporated herein by reference to Exhibit 10.1 of the Company's Form 10-Q filed November 27, 2019). †
10(c)	Form of Restricted Stock Unit Award Agreement under the Raven Industries, Inc. 2019 Equity Incentive Plan (incorporated herein by reference to Exhibit 10.1 of the Company's Form 10-Q filed November 27, 2019). †
10(d)	Amended and Restated Deferred Stock Compensation Plan for Directors of Raven Industries, Inc., effective July 11, 2018 (incorporated herein by reference to Exhibit 10.1 of the Company's Form 8-K filed July 12, 2018). †
10(e)	Amended and Restated 2010 Stock Incentive Plan adopted May 25, 2017 (incorporated herein by reference to Exhibit A of the Company's definitive Proxy Statement filed April 19, 2017). †
10(f)	Form of Non-Qualified Stock Option Agreement (incorporated herein by reference to Exhibit 10(r) of the Company's Form 10-Q filed June 4, 2012). †
10(g)	Form of Restricted Stock Unit Agreement (incorporated herein by reference to Exhibit 10(s) of the Company's Form 10-Q filed June 4, 2012). †
10(h)	Raven Industries, Inc. Non-Qualified Deferred Compensation Plan, effective as of January 1, 2018 (incorporated herein by reference to Exhibit 10.1 of the Company's Form 10-K filed March 23, 2018). †
10(i)	Amended and Restated Employment Agreement between Raven Industries, Inc. and Daniel A. Rykhus dated as of March 29, 2017 (incorporated herein by reference to Exhibit 10.1 of the Company's Form 10-K filed March 31, 2017). †
10(j)	Amended and Restated Employment Agreement between Raven Industries, Inc. and Steven E. Brazones dated as of March 29, 2017 (incorporated herein by reference to Exhibit 10.2 of the Company's Form 10-K filed March 31, 2017). †
10(k)	Form of Amended and Restated Change in Control Agreement between Raven Industries, Inc. and the following senior executive officers: Anthony D. Schmidt and Brian E. Meyer dated as of March 28, 2016 (incorporated herein by reference to Exhibit 10.1 of the Company's Form 10-K filed March 29, 2016). †
10(l)	Form of Amended Employment Agreement between Raven Industries, Inc. and the following senior executive officer: Brian E. Meyer dated August 25, 2015 (incorporated herein by reference to Exhibit 10.1 of the Company's Form 8-K filed August 31, 2015). †
10(m)	Employment Agreement between Raven Industries, Inc. and Anthony D. Schmidt dated as of February 1, 2012 (incorporated herein by reference to Exhibit 10.1 of the Company's Form 8-K filed February 1, 2012). †
10(n)	Form of Schedule A to Employment Agreement, revised effective January 1, 2016, between Raven Industries, Inc. and the following senior executive officers: Brian E. Meyer and Anthony D. Schmidt (incorporated herein by reference to Exhibit 10.3 of the Company's Form 10-K filed March 31, 2017). †
21	Subsidiaries of the Registrant.
23.1	Consent of Deloitte & Touche LLP, Independent Registered Public Accounting Firm.
31.1	Certification of Chief Executive Officer Pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer Pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation Linkbase
101.DEF	XBRL Taxonomy Extension Definition Linkbase
101.LAB	XBRL Taxonomy Extension Label Linkbase
101.PRE	XBRL Taxonomy Extension Presentation Linkbase
104	Cover page Interactive Data File is formatted in Inline XBRL and is contained in Exhibit 101

† Management contract or compensatory plan or arrangement.

* The exhibits and schedules to this Amended and Restated Credit agreement listed in the table of contents of the Credit Agreement do not contain material information and have been omitted from this filing pursuant to item 601(a)(5) of Regulation S-K. Raven Industries, Inc. will furnish copies of such exhibits and schedules to the Securities and Exchange Commission upon request.

ITEM 16. FORM 10-K SUMMARY

None.

SIGNATURES

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

RAVEN INDUSTRIES, INC.

(Registrant)

By: /s/ DANIEL A. RYKHUS

Daniel A. Rykhus

President and Chief Executive Officer

Date: March 26, 2020

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

/s/ DANIEL A. RYKHUS

Daniel A. Rykhus

President and Chief Executive Officer

(Principal Executive Officer) and Director

/s/ STEVEN E. BRAZONES

Steven E. Brazones

Vice President and Chief Financial Officer

(Principal Financial and Accounting Officer)

/s/ MARC E. LEBARON

Marc E. LeBaron

Chairman of the Board

/s/ JASON M. ANDRINGA

Jason M. Andringa

Director

/s/ DAVID L. CHICOINE

David L. Chicoine

Director

/s/ THOMAS S. EVERIST

Thomas S. Everist

Director

/s/ JANET M. HOLLOWAY

Janet M. Holloway

Director

/s/ KEVIN T. KIRBY

Kevin T. Kirby

Director

/s/ LOIS M. MARTIN

Lois M. Martin

Director

/s/ RICHARD W. PAROD

Richard W. Parod

Director

Date: March 26, 2020

SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS

For the years ended January 31, 2020, 2019 and 2018

(in thousands)

Description	Balance at Beginning of Year	Additions		Deductions From Reserves (1)	Balance at End of Year
		Charged to Costs and Expenses	Charged to Other Accounts		
Deducted in the balance sheet from the asset to which it applies:					
Allowance for doubtful accounts:					
Year ended January 31, 2020	\$ 739	\$ 816	\$ —	\$ 175	\$ 1,380
Year ended January 31, 2019	978	37	—	276	739
Year ended January 31, 2018	691	357	—	70	978

Note:

(1) Represents uncollectable accounts receivable written off during the year, net of recoveries.

RAVEN INDUSTRIES, INC.
DESCRIPTION OF CAPITAL STOCK

The following is a summary of the terms of the common stock, par value \$1.00 (the “Common Stock”), of Raven Industries, Inc. It is based upon our Restated Articles of Incorporation (the “Articles”) and our Amended and Restated Bylaws (the “Bylaws”) currently in effect. This summary is not complete and is subject to, and qualified in its entirety by reference to, the Articles and Bylaws. For a complete description of the terms and provisions of the Common Stock, refer to the Articles and the Bylaws, which are filed as exhibits to this Annual Report on Form 10-K. Throughout this exhibit, references to the “Company,” “we,” “our,” and “us” refer to Raven Industries, Inc. We encourage you to carefully read these exhibits and the applicable portions of the South Dakota Business Corporation Act.

Pursuant to our Articles, we are currently authorized to issue up to 100,000,000 shares of Common Stock of one class having a par value of \$1.00 per share. Preferred stock is not authorized by our Articles.

Dividends and Voting

The Company’s Board of Directors (the “Board”), from time to time, may declare and the Company may pay dividends on the outstanding Common Stock, subject to applicable law.

All shares are voting shares, and each share shall be entitled to one vote. The Common Stock has cumulative voting rights for the election of directors. All director elections shall be decided by a plurality of the shares entitled to vote, except as otherwise provided by law or by the Articles.

Rights upon Liquidation

Each share of Common Stock is entitled to participate pro rata in distributions upon liquidation of the Company.

Preemptive or Other Rights

The shareholders shall not have preemptive rights to acquire unissued or treasury shares of the Company or obligations of the Company convertible into such shares.

Listing, Transfer Agent, and Registrar

The Company is incorporated in the State of South Dakota. Our Common Stock is listed on the NASDAQ stock market (symbol “RAVN”). The transfer agent and registrar is EQ Shareowner Services.

Number of Directors

The number of directors constituting the entire board will be fixed by resolution from time to time by the Company’s Board, but the number cannot be less than seven and not more than eleven. The Company’s Board is not classified and each member is elected annually. Each director shall hold office until the next annual meeting and until the director’s successor is elected and qualified, or until the earlier death, resignation, removal, or disqualification of the director.

Removal of Directors by Shareholders; Filling Vacancies

Any or all of the directors may be removed from office at any time, with or without cause, by a majority vote of the shareholders entitled to vote at a special meeting called for that purpose and the shareholders may then elect his or her successor. A director may not be removed, however, if the number of votes sufficient to elect the director under cumulative voting is voted against removal.

Special Meetings of Shareholders

Our Bylaws provide that special meetings of the shareholders may be called by the Chairman of the Board or the Chief Executive Officer, and shall be called by the Chief Executive Officer within 10 days after receipt of the written request of the Board of Directors or any two members thereof or receipt of the written request of the holders of at least one-tenth of the then-outstanding shares of the Company.

Notice Requirements for Shareholder Proposals and Director Nominees

Company shareholders wishing to nominate a director or propose other action at an annual meeting must generally give advance written notice of such nomination or proposal that complies with Articles III or IV of the Bylaws, as applicable, to the Company Secretary not less than 60 nor more than 90 days prior to the first anniversary of the date on which the Company first mailed its proxy materials for the preceding year's annual meeting.

Anti-Takeover Provisions

South Dakota law, under which the Company is incorporated, contains certain provisions that may have anti-takeover effects and thus may delay, deter, or prevent a change in control of the Company. For complete information, you should review the applicable provisions of the South Dakota Codified Laws, including the Domestic Public Corporation Takeover Act, SDCL Ch. 47-33 (the "Act").

Control Share Acquisitions

The Act generally provides that the shares of a publicly held South Dakota corporation acquired by a person that exceed the thresholds of voting power described below will have the same voting rights as other shares of the same class or series only if approved by:

- the affirmative vote of the majority of all outstanding shares entitled to vote, including all shares held by the acquiring person; and
- the affirmative vote of the majority of all outstanding shares entitled to vote, excluding all interested shares.

Each time an acquiring person reaches a threshold, the acquiring person must deliver an information statement to the Company and a vote must be held as described above before the acquiring person will have any voting rights with respect to shares in excess of such threshold. The thresholds that require shareholder approval before voting powers are obtained with respect to shares acquired in excess of such thresholds are 20%, 33 1/3% and 50%, respectively.

Shares acquired in the absence of such approval are denied voting rights and are redeemable at their then-current market value by the Company within 10 days after the acquiring person has failed to give a timely information statement to the Company or the date the shareholders voted not to grant voting rights to the acquiring person's shares.

Business Combinations

We are subject to the provisions of Section 47-33-17 of the Act. In general, Section 47-33-17 prohibits a publicly held South Dakota corporation from engaging in a "business combination" with an "interested shareholder" unless the business combination or the transaction in which the person became an interested shareholder is approved in a prescribed manner. A business combination with the interested shareholder must be approved by (i) the board of directors of the corporation prior to the date that the person became an interested shareholder of the corporation (referred to as the person's "share acquisition date"), (ii) the affirmative vote of all of the holders of all of the outstanding voting shares, or, under some circumstances, by the affirmative vote of the holders of a majority of the outstanding voting shares not including those shares beneficially owned by the interested shareholder or any

of its affiliates or associates, (iii) the affirmative vote of the holders of a majority of the outstanding voting shares not including those shares beneficially owned by the interested shareholder or any of its affiliates or associates at a meeting no earlier than four years after the interested shareholder's share acquisition date, or (iv) the affirmative vote of the holders of a majority of the outstanding voting shares at a meeting no earlier than four years after the interested shareholder's share acquisition date if the business combination satisfies the conditions of Section 47-33-18 of the Act. Generally, an "interested shareholder" is a person who, together with affiliates and associates, beneficially owns, directly or indirectly, 10% or more of the corporation's voting stock. A "business combination" includes a merger, a transfer of 10% or more of the corporation's assets, the issuance or transfer of stock equal to 5% or more of the aggregate market value of all of the corporation's outstanding shares, the adoption of a plan of liquidation or dissolution, or other transaction resulting in a financial benefit to the interested shareholder.

Multiple Constituencies

The Act further provides that our board, in determining whether to approve a merger or other change of control, may take into account both the long-term as well as short-term interests of us and our shareholders, the effect on our employees, customers, creditors and suppliers, the effect upon the community in which we operate and the effect on the economy of the state and nation. This provision may permit our board to vote against some proposals that, in the absence of this provision, it would otherwise have a fiduciary duty to approve.

Shareholder Action by Written Consent Must Be Unanimous

Section 47-1A-704 of the South Dakota Business Corporation Act provides that any action that may be taken at a meeting of shareholders may be taken without a meeting if a written consent, setting forth the action taken, is signed by all of the shareholders entitled to vote with respect to the action taken. This provision prevents holders of less than all of our common stock from using the written consent procedure to take shareholder action.

AMENDED AND RESTATED CREDIT AGREEMENT

Dated as of November 8, 2019

among

RAVEN INDUSTRIES, INC.,
as the Borrower,

CERTAIN SUBSIDIARIES OF THE COMPANY,
as Designated Borrowers,

CERTAIN SUBSIDIARIES OF THE BORROWER PARTY HERETO,
as the Guarantors,

BANK OF AMERICA, N.A.,
as Administrative Agent, Swingline Lender and
L/C Issuer,

and

THE LENDERS PARTY HERETO

BOFA SECURITIES, INC.,
as Sole Lead Arranger and Sole Bookrunner

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ADMINISTRATIVE AGENT PREPARED SCHEDULES

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Schedule 1.01(b)	Initial Commitments and Applicable Percentages
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EXHIBITS

Exhibit A	Form of Administrative Questionnaire
Exhibit B	Form of Assignment and Assumption
Exhibit C	Form of Compliance Certificate
Exhibit D	Form of Joinder Agreement
Exhibit E	Form of Loan Notice
Exhibit F	Form of Permitted Acquisition Certificate
Exhibit G	Form of Revolving Note
Exhibit H	Form of Secured Party Designation Notice
Exhibit I	Form of Solvency Certificate
Exhibit J	Form of Swingline Loan Notice
Exhibit K	Form of Officer's Certificate
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Exhibit M	Form of Funding Indemnity Letter
Exhibit N	Form of Financial Condition Certificate
Exhibit O	Form of Authorization to Share Insurance Information
Exhibit P	Form of Notice of Loan Prepayment
Exhibit Q	Form of Designated Borrower Request and Assumption Agreement
Exhibit R	Form of Designated Borrower Notice

AMENDED AND RESTATED CREDIT AGREEMENT

This **AMENDED AND RESTATED CREDIT AGREEMENT** is entered into as of November 8, 2019, among Raven Industries, Inc., a South Dakota corporation (the “*Company*”), the Guarantors (defined herein), Raven Industries Canada, Inc., a corporation formed under the laws of Nova Scotia (the “*Canadian Designated Borrower*”) and certain other Subsidiaries of the Company that becomes a party hereto from time to time pursuant to Section 2.16 (each, together with the Canadian Designated Borrower, a “*Designated Borrower*” and, together with the Company, the “*Borrowers*” and each a “*Borrower*”), the Lenders (defined herein), and BANK OF AMERICA, N.A., as Administrative Agent, Swingline Lender and L/C Issuer.

PRELIMINARY STATEMENTS:

WHEREAS, the Company, the Administrative Agent and the Lenders are party to that certain Credit Agreement dated as of September 20, 2019 (the “*Existing Credit Agreement*”) pursuant to which the Lenders, the Swingline Lender and the L/C Issuer have agreed to make loans and other financial accommodations to the Loan Parties in an aggregate amount of up to \$100,000,000.00.

WHEREAS, the Loan Parties (as hereinafter defined) have requested that the Lenders, the Swingline Lender and the L/C Issuer agree to amend and restate the Existing Credit Agreement, to among other things add the Canadian Designated Borrower as a Borrower.

WHEREAS, the Lenders, the Swingline Lender and the L/C Issuer have agreed to permit the Canadian Designated Borrower to become a Borrower subject to the terms and conditions of this Agreement.

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

ARTICLE IDEFINITIONS AND ACCOUNTING TERMS

1.01 Defined Terms.

As used in this Agreement, the following terms shall have the meanings set forth below:

“*Acquisition*” means the acquisition, whether through a single transaction or a series of related transactions, of (a) a majority of the Voting Stock or other controlling ownership interest in another Person (including the purchase of an option, warrant or convertible or similar type security to acquire such a controlling interest at the time it becomes exercisable by the holder thereof), whether by purchase of such equity or other ownership interest or upon the exercise of an option or warrant for, or conversion of securities into, such equity or other ownership interest, or (b) assets of another Person which constitute all or substantially all of the assets of such Person or of a division, line of business or other business unit of such Person.

“*Administrative Agent*” means Bank of America (or any of its designated branch offices or affiliates) in its capacity as administrative agent under any of the Loan Documents, or any successor administrative agent.

“Administrative Agent’s Office” means, with respect to any currency, the Administrative Agent’s address and, as appropriate, account as set forth on Schedule 1.01(a) with respect to such currency, or such other address or account with respect to such currency as the Administrative Agent may from time to time notify the Borrower and the Lenders.

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

“Advance Funds” has the meaning specified in Section 4.01.

“Advance Funding Arrangement” means any arrangements requested by the Company and acceptable to the Administrative Agent in its sole discretion for the delivery of funds by Lenders to or for the account of the Administrative Agent for safekeeping pending their delivery by the Administrative Agent to the Company on the Closing Date to fund Loans of such Lenders on such date.

“Advance Funding Documentation” means such deposit account documentation, securities account agreements, custodial agreements, security agreements, funding indemnities or other documentation as the Administrative Agent may reasonably require in connection with Advance Funding Arrangements.

“Affiliate” means, with respect to a specified 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.

“Agreement” means this Credit Agreement, including all schedules, exhibits and annexes hereto.

“Agreement Currency” has the meaning specified in Section 11.23.

“Alternative Currency” means each of the following currencies: Euros, Sterling, Canadian Dollars and Swiss Francs, together with each other currency (other than Dollars) that is approved in accordance with Section 1.09; *provided* that for each Alternative Currency, such requested currency is an Eligible Currency.

“Alternative Currency Equivalent” means, at any time, with respect to any amount denominated in Dollars, the equivalent amount thereof in the applicable Alternative Currency as determined by the Administrative Agent or the L/C Issuer, as the case may be, by reference to Bloomberg (or such other publicly available service for displaying exchange rates), to be the exchange rate for the purchase of such Alternative Currency with Dollars at approximately 11:00 a.m. on the date two (2) Business Days prior to the date as of which the foreign exchange computation is made; *provided*, however, that if no such rate is available, the “Alternative Currency Equivalent” shall be determined by the Administrative Agent or the L/C Issuer, as the case may be, using any reasonable method of determination it deems appropriate in its sole discretion (and such determination shall be conclusive absent manifest error).

“Alternative Currency Sublimit” means an amount equal to the lesser of the Aggregate Commitments and \$60,000,000.00. The Alternative Currency Sublimit is part of, and not in addition to, the Aggregate Commitments.

“Applicable Foreign Obligor Documents” has the meaning specified in Section 5.26(a).

“Applicable Law” means, as to any Person, all applicable Laws binding upon such Person or to which such a Person is subject.

“Applicable Percentage” means, with respect to any Revolving Lender at any time, the percentage (carried out to the ninth decimal place) of the Revolving Facility represented by such Revolving Lender’s Revolving Commitment at such time, subject to adjustment as provided in Section 2.15. If the Commitment of all of the Lenders 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 Commitments have expired, then the Applicable Percentage of each Lender in respect of the Revolving Facility shall be determined based on the Applicable Percentage of such Lender in respect of the Revolving Facility 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 Applicable Percentage of each Lender in respect of each Facility is set forth opposite the name of such Lender on Schedule 1.01(b) or in the Assignment and Assumption pursuant to which such Lender becomes a party hereto or in any documentation executed by such Lender pursuant to Section 2.17, as applicable.

“Applicable Rate” means, for any day, the rate per annum set forth below opposite the applicable Level then in effect (based on the Consolidated Leverage Ratio), it being understood that the Applicable Rate for (a) Revolving Loans that are Base Rate Loans shall be the percentage set forth under the column “Base Rate”, (b) Revolving Loans that are Eurocurrency Rate Loans shall be the percentage set forth under the column “Eurocurrency Rate & Letter of Credit Fee”, (c) the Letter of Credit Fee shall be the percentage set forth under the column “Eurocurrency Rate & Letter of Credit Fee”, and (d) the Commitment Fee shall be the percentage set forth under the column “Commitment Fee”:

Applicable Rate				
Level	Consolidated Leverage Ratio	Eurocurrency Rate & Letter of Credit Fee	Base Rate	Commitment Fee
1	≤ 1.50 to 1	0.875 %	0.00 %	0.075 %
2	> 1.50 to 1 but ≤ 2.50 to 1	1.125 %	0.125 %	0.125 %
3	> 2.50 to 1	1.50 %	0.50 %	0.15 %

Any increase or decrease in the Applicable Rate resulting from a change in the Consolidated Leverage Ratio shall become effective as of the first Business Day immediately following the date a Compliance Certificate is delivered pursuant to Section 6.02(b); *provided, however*, that if a Compliance Certificate is not delivered when due in accordance with Section 6.02(b), then, upon the request of the Required Lenders, Pricing Level 3 shall apply, in each case as of the first Business Day after the date on which such Compliance Certificate was required to have been delivered and in each case shall remain in effect until the first Business Day following the date on which such Compliance Certificate is delivered. In addition, at all times while the Default Rate is in effect, the highest rate set forth in each column of the Applicable Rate shall apply.

Notwithstanding anything to the contrary contained in this definition, (i) the determination of the Applicable Rate for any period shall be subject to the provisions of Section 2.10(b) and (ii) the initial Applicable Rate shall be set at Pricing Level 1 until the first Business Day immediately following the date a Compliance Certificate is delivered pursuant to Section 6.02(b) for the first full fiscal quarter to occur following the Closing Date to the Administrative Agent. Any adjustment in the Applicable Rate shall be applicable to all Credit Extensions then existing or subsequently made or issued.

The Applicable Rate set forth above shall be increased as, and to the extent, required by Section 2.18.

“Applicable Revolving Percentage” means with respect to any Revolving Lender at any time, such Revolving Lender’s Applicable Percentage in respect of the Revolving Facility at such time.

“Applicable Time” means, with respect to any Borrowings and payments in any Alternative Currency, the local time in the place of settlement for such Alternative Currency as may be determined by the Administrative Agent or the L/C Issuer, as the case may be, to be necessary for timely settlement on the relevant date in accordance with normal banking procedures in the place of payment.

“Applicant Borrower” has the meaning specified in Section 2.16(a).

“Appropriate Lender” means, at any time, (a) with respect to any Facility, a Lender that has a Commitment with respect to such Facility or holds a Loan under such Facility at such time, (b) with respect to the Letter of Credit Sublimit, (i) the L/C Issuer and (ii) if any Letters of Credit have been issued pursuant to Section 2.03, the Revolving Lenders and (c) with respect to the Swingline Sublimit, (i) the Swingline Lender and (ii) if any Swingline Loans are outstanding pursuant to Section 2.04(a), the Revolving Lenders.

“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” means BofA Securities, Inc., in its capacity as sole lead arranger and sole bookrunner.

“Assignment and Assumption” means an assignment and assumption entered into by a Lender and an Eligible Assignee (with the consent of any party whose consent is required by Section 11.06(b)), and accepted by the Administrative Agent, in substantially the form of Exhibit B or any other form (including an electronic documentation form generated by use of an electronic platform) approved by the Administrative Agent.

“Attributable Indebtedness” means, on any date, (a) in respect of any Capitalized Lease of any Person, the capitalized amount thereof that would appear on a balance sheet of such Person prepared as of such date in accordance with GAAP, (b) in respect of any Synthetic Lease Obligation, the capitalized amount of the remaining lease or similar payments under the relevant lease or other applicable agreement or instrument that would appear on a balance sheet of such Person prepared as of such date in accordance with GAAP if such lease or other agreement or instrument were accounted for as a Capitalized Lease, (c) all Synthetic Debt of such Person, (d) in respect of any Securitization Transaction, the outstanding principal amount of such financing, after taking into account reserve accounts and making appropriate adjustments, determined by the Administrative Agent in its reasonable judgment and (e) in respect of any Sale and Leaseback Transaction, the present value (discounted in accordance with GAAP at the debt rate implied in the applicable lease) of the obligations of the lessee for rental payments during the term of such lease.

“Audited Financial Statements” means the audited Consolidated balance sheet of the Borrower and its Subsidiaries for the fiscal year ended January 31, 2019, 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.

“Authorization to Share Insurance Information” means the authorization substantially in the form of Exhibit O (or such other form as required by each of the Loan Party’s insurance companies).

“Auto-Extension Letter of Credit” has the meaning specified in Section 2.03(b).

“Availability Period” means in respect of the Revolving Facility, the period from and including the Closing Date to the earliest of (i) the Maturity Date for the Revolving Facility, (ii) the date of termination of the Revolving Commitments pursuant to Section 2.06, and (iii) the date of termination of the Commitment of each Revolving Lender to make Revolving Loans and of the obligation of the L/C Issuer to make L/C Credit Extensions pursuant to Section 8.02.

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

“Bail-In Legislation” means, with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule.

“Bank of America” means Bank of America, N.A. and its successors.

“Base Rate” means for any day a fluctuating rate of interest per annum equal to the highest of (a) the Federal Funds Rate *plus* 0.50%, (b) the rate of interest in effect for such day as publicly announced from time to time by Bank of America as its “prime rate,” and (c) the Eurocurrency Rate *plus* 1.00%, subject to the interest rate floors set forth therein; *provided* that if the Base Rate shall be less than zero, such rate shall be deemed zero for purposes of this Agreement. The “prime rate” is a rate set by Bank of America based upon various factors including Bank of America’s costs and desired return, general economic conditions and other factors, and is used as a reference point for pricing some loans, which may be priced at, above, or below such announced rate. Any change in such prime rate announced by Bank of America shall take effect at the opening of business on the day specified in the public announcement of such change. If the Base Rate is being used as an alternate rate of interest pursuant to Section 3.03 hereof, then the Base Rate shall be the greater of clauses (a) and (b) above and shall be determined without reference to clause (c) above.

“Base Rate Loan” means a Revolving Loan that bears interest based on the Base Rate. All Base Rate Loans are only available to Borrowers and Loans denominated in Dollars.

“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”.

“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.

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

“Borrower Materials” has the meaning specified in Section 6.02(l).

“Borrowing” means a Revolving Borrowing or a Swingline Borrowing, as the context may require.

“Business Day” means any day other than a Saturday, Sunday or other day on which commercial banks are authorized to close under the Laws of, or are in fact closed in, the state where the Administrative Agent’s Office is located and:

(a) if such day relates to interest at a rate based on the Eurocurrency Rate with respect to a LIBOR Quoted Currency (other than Euros), means any such day that is also a London Banking Day;

(b) if such day relates to any interest rate based on the Eurocurrency Rate with respect to a Non-LIBOR Quoted Currency, means any such day that is also open for banks for foreign exchange business in the principal financial center of the country of such currency; and

(c) if such day relates to any fundings, disbursements, settlements and payments in a currency other than Dollars or Euro in respect of a Eurocurrency Rate Loan denominated in a currency other than Dollars or Euro, or any other dealings in any currency other than Dollars or Euro to be carried out pursuant to this Agreement in respect of any such Eurocurrency Rate Loan (other than any interest rate settings), means any such day on which banks are open for foreign exchange business in the principal financial center of the country of such currency.

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

“Canadian Dollar” means the lawful currency of Canada.

“Capitalized Lease” means, subject to Section 1.03(a), any lease that has been or is required to be, in accordance with GAAP, recorded, classified and accounted for as a capital lease or finance lease.

“Cash Collateral” means the items described in (a) through (c) of the definition of “Cash Collateralize” and shall include the proceeds of such Cash Collateral and other credit support.

“Cash Collateralize” means to deposit in a Controlled Account or pledge and deposit with or deliver to the Administrative Agent, for the benefit of one or more of the L/C Issuer or Swingline Lender (as applicable) or the Lenders, as Collateral for L/C Obligations, the Obligations in respect of Swingline Loans, or obligations of the Revolving Lenders to fund participations in respect of L/C Obligations or Swingline Loans (as the context may require), (a) cash or deposit account balances, (b) backstop letters of credit entered into on terms, from issuers and in amounts satisfactory to the Administrative Agent and the applicable L/C Issuer, and/or (c) if the Administrative Agent and the applicable L/C Issuer or Swingline Lender shall agree, in their sole discretion, other credit support, in each case, in Dollars and pursuant to documentation in form and substance satisfactory to the Administrative Agent and the L/C Issuer or the Swingline Lender (as applicable).

“Cash Equivalents” means any of the following types of Investments, to the extent owned by the Borrower or any of its Subsidiaries free and clear of all Liens (other than Permitted Liens):

(a) readily marketable obligations issued or directly and fully guaranteed or insured by the United States or any agency or instrumentality thereof having maturities of not more than three hundred sixty days (360) days from the date of acquisition thereof; *provided* that the full faith and credit of the United States is pledged in support thereof;

(b) time deposits with, or insured certificates of deposit or bankers’ acceptances of, any commercial bank that (i) (A) is a Lender or (B) is organized under the laws of the United States, any state thereof or the District of Columbia or is the principal banking subsidiary of a bank holding

company organized under the laws of the United States, any state thereof or the District of Columbia, and is a member of the Federal Reserve System, (ii) issues (or the parent of which issues) commercial paper rated as described in clause (c) of this definition and (iii) has combined capital and surplus of at least \$1,000,000,000, in each case with maturities of not more than one hundred eighty (180) days from the date of acquisition thereof;

(c) commercial paper issued by any Person organized under the laws of any state of the United States and rated at least “Prime-1” (or the then equivalent grade) by Moody’s or at least “A-1” (or the then equivalent grade) by S&P, in each case with maturities of not more than one hundred eighty (180) days from the date of acquisition thereof; and

(d) Investments, classified in accordance with GAAP as current assets of the Borrower or any of its Subsidiaries, in money market investment programs registered under the Investment Company Act of 1940, which are administered by financial institutions that have the highest rating obtainable from either Moody’s or S&P, and the portfolios of which are limited solely to Investments of the character, quality and maturity described in clauses (a), (b) and (c) of this definition.

“Cash Management Agreement” means any agreement that is not prohibited by the terms hereof to provide treasury or cash management services, including deposit accounts, overnight draft, credit cards, debit cards, p-cards (including purchasing cards and commercial cards), funds transfer, automated clearinghouse, zero balance accounts, returned check concentration, controlled disbursement, lockbox, account reconciliation and reporting and trade finance services and other cash management services.

“Cash Management Bank” means any Person in its capacity as a party to a Cash Management Agreement that, (a) at the time it enters into a Cash Management Agreement with a Loan Party or any Subsidiary, is a Lender or an Affiliate of a Lender, or (b) at the time it (or its Affiliate) becomes a Lender, is a party to a Cash Management Agreement with a Loan Party or any Subsidiary, in each case in its capacity as a party to such Cash Management Agreement (even if such Person ceases to be a Lender or such Person’s Affiliate ceased to be a Lender); *provided, however*, that for any of the foregoing to be included as a “Secured Cash Management Agreement” on any date of determination by the Administrative Agent, the applicable Cash Management Bank (other than the Administrative Agent or an Affiliate of the Administrative Agent) must have delivered a Secured Party Designation Notice to the Administrative Agent prior to such date of determination.

“CFC” means a Person that is a controlled foreign corporation under Section 957 of the Code in which the Borrower or any Loan Party is a United States shareholder within the meaning of Section 951(b) of the Code.

“Change in Law” means the occurrence, after the Closing Date, 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, (i) 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 (ii) 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 or foreign 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 an event or series of events by which:

(a) any “person” or “group” (as such terms are used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, but excluding any employee benefit plan of such person or its subsidiaries, and any person or entity acting in its capacity as trustee, agent or other fiduciary or administrator of any such plan) becomes the “beneficial owner” (as defined in Rules 13d-3 and 13d-5 under the Securities Exchange Act of 1934, except that a person or group shall be deemed to have “beneficial ownership” of all securities that such person or group has the right to acquire, whether such right is exercisable immediately or only after the passage of time (such right, an “option right”)), directly or indirectly, of 30% or more of the equity securities of the Borrower entitled to vote for members of the board of directors or equivalent governing body of the Borrower on a fully-diluted basis (and taking into account all such securities that such “person” or “group” has the right to acquire pursuant to any option right); or

(b) during any period of twelve (12) consecutive months, a majority of the members of the board of directors or other equivalent governing body of the Borrower cease to be composed of individuals (i) who were members of that board or equivalent governing body on the first day of such period, (ii) whose election or nomination to that board or equivalent governing body was nominated, appointed or approved by individuals referred to in clause (i) above constituting at the time of such election or nomination at least a majority of that board or equivalent governing body or (iii) whose election or nomination to that board or other equivalent governing body was nominated, appointed or approved by individuals referred to in clauses (i) and (ii) above constituting at the time of such election or nomination at least a majority of that board or equivalent governing body.

“Closing Date” means the date hereof.

“Code” means the Internal Revenue Code of 1986.

“Collateral” means any property of a Loan Party that is subject to a Lien in favor of the Administrative Agent for the benefit of the Secured Parties.

“Collateral Documents” means, collectively, any Joinder Agreement, collateral assignments, security agreements, pledge agreements, account control agreements or other similar agreements, instruments or documents that create or purport to create a Lien in favor of the Administrative Agent for the benefit of the Secured Parties.

“Commitment” means a Revolving Commitment.

“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.

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

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

“Connection Income Taxes” means Other Connection Taxes that are imposed on or measured by net income (however denominated) or that are franchise Taxes or branch profits Taxes.

“Consolidated” means, when used with reference to financial statements or financial statement items of the Borrower and its Subsidiaries or any other Person, such statements or items on a consolidated basis in accordance with the consolidation principles of GAAP.

“Consolidated EBITDA” means, for any period, the *sum of* the following determined on a Consolidated basis, without duplication, for the Borrower and its Subsidiaries in accordance with GAAP, (a) Consolidated Net Income for the most recently completed Measurement Period *plus* (b) the following to the extent deducted in calculating such Consolidated Net Income (without duplication): (i) Consolidated Interest Charges, (ii) the provision for federal, state, local and foreign income taxes payable, (iii) depreciation and amortization expense and (iv) non-cash charges and losses (excluding any such non-cash charges or losses to the extent (A) there were cash charges with respect to such charges and losses in past accounting periods or (B) there is a reasonable expectation that there will be cash charges with respect to such charges and losses in future accounting periods) *less* (c) without duplication and to the extent reflected as a gain or otherwise included in the calculation of Consolidated Net Income for such period, non-cash gains (excluding any such non-cash gains to the extent (i) there were cash gains with respect to such gains in past accounting periods or (ii) there is a reasonable expectation that there will be cash gains with respect to such gains in future accounting periods).

“Consolidated Funded Indebtedness” means, as of any date of determination, for the Borrower and its Subsidiaries on a Consolidated basis, the *sum of*: (a) the outstanding principal amount of all obligations, whether current or long-term, for borrowed money (including Obligations hereunder) and all obligations evidenced by bonds, debentures, notes, loan agreements or other similar instruments; (b) all purchase money Indebtedness; (c) the maximum amount available to be drawn under issued and outstanding letters of credit (including standby and commercial), bankers’ acceptances, bank guaranties, surety bonds and similar instruments; (d) all obligations in respect of the deferred purchase price of property or services (other than trade accounts payable in the ordinary course of business); (e) all Attributable Indebtedness; (f) all obligations to purchase, redeem, retire, defease or otherwise make any payment prior to the Maturity Date in respect of any Equity Interests or any warrant, right or option to acquire such Equity Interest, valued, in the case of a redeemable preferred interest, at the greater of its voluntary or involuntary liquidation preference *plus* accrued and unpaid dividends; (g) without duplication, all Guarantees with respect to outstanding Indebtedness of the types specified in clauses (a) through (f) above of Persons other than the Borrower or any Subsidiary; and (h) all Indebtedness of the types referred to in clauses (a) through (g) above of any partnership or joint venture (other than a joint venture that is itself a corporation or limited liability company) in which the Borrower or a Subsidiary is a general partner or joint venturer, unless such Indebtedness is expressly made non-recourse to the Borrower or such Subsidiary.

“Consolidated Interest Charges” means, for any Measurement Period, the *sum of* (a) all interest, premium payments, debt discount, fees, charges and related expenses in connection with borrowed money (including capitalized interest) or in connection with the deferred purchase price of assets, in each case to the extent treated as interest in accordance with GAAP, (b) all interest paid or payable with respect to discontinued operations and (c) the portion of rent expense under Capitalized Leases that is treated as interest in accordance with GAAP, in each case, of or by the Borrower and its Subsidiaries on a Consolidated basis for the most recently completed Measurement Period.

“Consolidated Interest Coverage Ratio” means, as of any date of determination, the ratio of (a) Consolidated EBITDA for the most recently completed Measurement Period to (b) Consolidated Interest Charges, in each case, of or by the Borrower and its Subsidiaries on a consolidated basis for the most recently completed Measurement Period.

“Consolidated Leverage Ratio” means, as of any date of determination, the ratio of (a) Consolidated Funded Indebtedness as of such date to (b) Consolidated EBITDA of the Borrower and its Subsidiaries on a consolidated basis for the most recently completed Measurement Period.

“Consolidated Net Income” means, at any date of determination, the net income (or loss) of the Borrower and its Subsidiaries on a Consolidated basis for the most recently completed Measurement Period; *provided* that Consolidated Net Income shall exclude (a) unusual and infrequent gains and unusual and infrequent losses for such Measurement Period, (b) the net income of any Subsidiary during such Measurement Period to the extent that the declaration or payment of dividends or similar distributions by such Subsidiary of such income is not permitted by operation of the terms of its Organization Documents or any agreement, instrument or Law applicable to such Subsidiary during such Measurement Period, except that the Borrower’s equity in any net loss of any such Subsidiary for such Measurement Period shall be included in determining Consolidated Net Income, and (c) any income (or loss) for such Measurement Period of any Person if such Person is not the Borrower or a Subsidiary, except that the Borrower’s equity in the net income of any such Person for such Measurement Period shall be included in Consolidated Net Income up to the aggregate amount of cash actually distributed by such Person during such Measurement Period to the Borrower or a Subsidiary as a dividend or other distribution (and in the case of a dividend or other distribution to a Subsidiary, such Subsidiary is not precluded from further distributing such amount to the Borrower as described in clause (b) of this proviso).

“Contractual Obligation” means, as to any Person, any provision of any security issued by such Person or of any agreement, instrument or other undertaking to which such Person is a party or by which it or any of its property is bound.

“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. Without limiting the generality of the foregoing, a Person shall be deemed to be Controlled by another Person if such other Person possesses, directly or indirectly, power to vote thirty percent (30%) or more of the securities having ordinary voting power for the election of directors, managing general partners or the equivalent.

“Controlled Account” means each deposit account and securities account that is subject to a Qualifying Control Agreement.

“Covered Entity” means any of the following: (a) a “covered entity” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 252.82(b); (b) a “covered bank” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 47.3(b); or (c) a “covered FSI” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 382.2(b).

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

“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) with respect to any Obligation for which a rate is specified, a rate per annum equal to two percent (2%) in excess of the rate otherwise applicable thereto and (b) with respect to

any Obligation for which a rate is not specified or available, a rate per annum equal to the Base Rate *plus* the Applicable Rate for Revolving Loans that are Base Rate Loans *plus* two percent (2%), in each case, to the fullest extent permitted by Applicable Law.

“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.

“Defaulting Lender” means, subject to Section 2.15(b), any Lender that (a) has failed to (i) fund all or any portion of its Loans within two (2) 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, the L/C Issuer, the Swingline Lender or any other Lender any other amount required to be paid by it hereunder (including in respect of its participation in Letters of Credit or Swingline Loans) within two (2) Business Days of the date when due, (b) has notified the Borrower, the Administrative Agent, the L/C Issuer or the Swingline Lender in writing that it does not intend to comply with its funding obligations hereunder, or has made a public statement to that effect (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 (3) Business Days after written request by the Administrative Agent or the Borrower, to confirm in writing to the Administrative Agent and the Borrower that it will comply with its prospective 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 any one or more of clauses (a) through (d) above, and the effective date of such status, shall be conclusive and binding absent manifest error, and such Lender shall be deemed to be a Defaulting Lender (subject to Section 2.15(b)) as of the date established therefor by the Administrative Agent in a written notice of such determination, which shall be delivered by the Administrative Agent to the Borrower, the L/C Issuer, the Swingline Lender and each other Lender promptly following such determination.

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

“Designated Borrower Request and Assumption Agreement” means the notice substantially in the form of Exhibit Q attached hereto.

“Designated Borrower Notice” means the notice substantially in the form of Exhibit R attached hereto.

“Designated Lender” shall have the meaning set forth in Section 2.17.

“Designated Jurisdiction” means any country or territory to the extent that such country or territory is the subject of any Sanction.

“Disposition” or “Dispose” means the sale, transfer, license, lease or other disposition (including any Sale and Leaseback Transaction) of any property by any Loan Party or Subsidiary (or the granting of any option or other right to do any of the foregoing), 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.

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

“Dollar Equivalent” means, for any amount, at the time of determination thereof, (a) if such amount is expressed in dollars, such amount, (b) if such amount is expressed in an Alternative Currency, the equivalent of such amount in dollars determined by using the rate of exchange for the purchase of dollars with the Alternative Currency last provided (either by publication or otherwise provided to the Administrative Agent or the L/C Issuer, as applicable) by the applicable Bloomberg source (or such other publicly available source for displaying exchange rates) on date that is two (2) Business Days immediately preceding the date of determination (or if such service ceases to be available or ceases to provide such rate of exchange, the equivalent of such amount in dollars as determined by the Administrative Agent or the L/C Issuer, as applicable using any method of determination it deems appropriate in its sole discretion) and (c) if such amount is denominated in any other currency, the equivalent of such amount in dollars as determined by the Administrative Agent or the L/C Issuer, as applicable, using any method of determination it deems appropriate in its sole discretion. Any determination by the Administrative Agent or the L/C Issuer pursuant to clauses (b) or (c) above shall be conclusive absent manifest error.

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

“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 delegee) having responsibility for the resolution of any EEA Financial Institution.

“Eligible Assignee” means any Person that meets the requirements to be an assignee under Section 11.06 (subject to such consents, if any, as may be required under Section 11.06(b)(iii)).

“Eligible Currency” means any lawful currency other than Dollars that is readily available, freely transferable and convertible into Dollars in the international interbank market available to the Lenders in such market and as to which a Dollar Equivalent may be readily calculated. If, after the designation by the Lenders of any currency as an Alternative Currency, any change in currency controls or exchange regulations or any change in the national or international financial, political or economic conditions are imposed in the country in which such currency is issued, result in, in the reasonable opinion of the

Administrative Agent (in the case of any Loans to be denominated in an Alternative Currency) or the L/C Issuer (in the case of any Letter of Credit to be denominated in an Alternative Currency), (a) such currency no longer being readily available, freely transferable and convertible into Dollars, (b) a Dollar Equivalent is no longer readily calculable with respect to such currency, (c) providing such currency is impracticable for the Lenders or (d) no longer a currency in which the Required Lenders are willing to make such Credit Extensions (each of clauses (a), (b), (c), and (d) a “*Disqualifying Event*”), then the Administrative Agent shall promptly notify the Lenders and the Borrower, and such country’s currency shall no longer be an Alternative Currency until such time as the Disqualifying Event(s) no longer exist. Within five (5) Business Days after receipt of such notice from the Administrative Agent, the Borrowers shall repay all Loans in such currency to which the Disqualifying Event applies or convert such Loans into the Dollar Equivalent of Loans in Dollars, subject to the other terms contained herein.

“*Environment*” means ambient air, indoor air, surface water, groundwater, drinking water, soil, surface and subsurface strata, and natural resources such as wetland, flora and fauna.

“*Environmental Laws*” means any and all federal, state, local, and foreign statutes, laws (including common law), regulations, standards, ordinances, rules, judgments, interpretations, orders, decrees, permits, agreements or governmental restrictions relating to pollution or the protection of the Environment or human health (to the extent related to exposure to hazardous materials), including those relating to the manufacture, generation, handling, transport, storage, treatment, Release or threat of Release of Hazardous Materials, 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) whether based in contract, tort, implied or express warranty, strict liability, criminal or civil statute or common law, directly or indirectly relating to (a) any Environmental Law, (b) the generation, use, handling, transportation, storage, treatment or disposal of any Hazardous Materials, (c) exposure to any Hazardous Materials, (d) Release or threatened Release of any Hazardous Materials or (e) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

“*Environmental Permit*” means any permit, certification, registration, approval, identification number, license or other authorization required under any Environmental Law.

“*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 Sections 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; (d) the filing of a notice of intent to terminate, 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, 431 and 432 of the Code or Sections 303, 304 and 305 of ERISA; (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 or (i) a failure by the Borrower or any ERISA Affiliate to meet all applicable requirements under the Pension Funding Rules in respect of a Pension Plan, whether or not waived, or the failure by the Borrower or any ERISA Affiliate to make any required contribution to a Multiemployer Plan.

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

“Euro” and “€” mean the single currency of the Participating Member States.

“Eurocurrency Rate” means:

(a) for any Interest Period, with respect to any Credit Extension:

(i) denominated in a LIBOR Quoted Currency, the rate per annum equal to the London Interbank Offered Rate as administered by ICE Benchmark Administration (or any other Person that takes over the administration of such rate for U.S. Dollars for a period equal in length to such Interest Period) (“LIBOR”), as published on the applicable Bloomberg screen page (or such other commercially available source providing such quotations as may be designated by the Administrative Agent from time to time) (in such case, the “LIBOR Rate”) at or about 11:00 a.m. (London time) on the Rate Determination Date, for deposits in the relevant currency, with a term equivalent to such Interest Period;

(ii) denominated in Canadian Dollars, the rate per annum equal to the Canadian Dollar Offered Rate, or a comparable or successor rate which rate is approved by the Administrative Agent, as published on the applicable Bloomberg screen page (or such other commercially available source providing such quotations as may be designated by the Administrative Agent from time to time) at or about 10:00a.m. (Toronto, Ontario time) on the Rate Determination Date with a term equivalent to such Interest Period;

(iii) with respect to any Credit Extension denominated in any other Non-LIBOR Quoted Currency, the rate per annum as designated with respect to such Alternative Currency at the time such Alternative Currency is approved by the Administrative Agent and the relevant Lenders pursuant to Section 1.09(a); and

(b) for any interest rate calculation with respect to a Base Rate Loan on any date, the rate per annum equal to the LIBOR Rate, at or about 11:00 a.m. (London time) determined two (2) Business Days prior to such date for Dollar deposits being delivered in the London interbank market for deposits in Dollars with a term of one (1) month commencing that day;

provided that, (i) to the extent a comparable or successor rate is approved in accordance with Section 3.03 in connection with any rate set forth in this definition, the approved rate shall be applied in a manner consistent with market practice; *provided, further* that, to the extent such market practice is not administratively feasible for the Administrative Agent, such approved rate shall be applied in a manner as otherwise reasonably determined by the Administrative Agent and (ii) if the Eurocurrency Rate shall be less than zero, such rate shall be deemed zero for purposes of this Agreement.

“Eurocurrency Rate Loan” means a Loan that bears interest at a rate based on clause (a) of the definition of “Eurocurrency Rate”. Eurocurrency Rate Loans may be denominated in Dollars or in an Alternative Currency. All Loans denominated in an Alternative Currency must be Eurocurrency Rate Loans.

“Event of Default” has the meaning specified in Section 8.01.

“Excluded Swap Obligation” means, with respect to any Loan Party, any Swap Obligation if, and to the extent that, all or a portion of the Guaranty of such Loan Party of, or the grant by such Loan Party of a Lien to secure, such Swap Obligation (or any Guarantee thereof) is or becomes illegal under the Commodity Exchange Act or any rule, regulation or order of the Commodity Futures Trading Commission (or the application or official interpretation thereof) by virtue of such Loan Party’s failure for any reason to constitute an “eligible contract participant” as defined in the Commodity Exchange Act (determined after giving effect to Section 10.11 and any other “keepwell”, support or other agreement for the benefit of such Loan Party and any and all guaranties of such Loan Party’s Swap Obligations by other Loan Parties) at the time the Guaranty of such Loan Party, or grant by such Loan Party of a Lien, becomes effective with respect to such Swap Obligation. If a Swap Obligation arises under a Master Agreement governing more than one Swap Contract, such exclusion shall apply only to the portion of such Swap Obligation that is attributable to Swap Contracts for which such Guaranty or Lien is or becomes excluded in accordance with the first sentence of this definition.

“Excluded Taxes” means any of the following Taxes imposed on or with respect to any Recipient or required to be withheld or deducted from a payment to a Recipient, (a) Taxes imposed on or measured by net income (however denominated), franchise Taxes, and branch profits Taxes, in each case, (i) imposed as a result of such Recipient being organized under the laws of, or having its principal office or, in the case of any Lender, its Lending Office located in, the jurisdiction imposing such Tax (or any political subdivision thereof) or (ii) that are Other Connection Taxes, (b) in the case of a Lender, U.S. federal withholding Taxes imposed on amounts payable to or for the account of such Lender with respect to an applicable interest in a Loan or Commitment pursuant to a law in effect on the date on which (i) such Lender acquires such interest in the Loan or Commitment (other than pursuant to an assignment request by the Borrower under Section 11.13) or (ii) such Lender changes its Lending Office, except in each case to the extent that, pursuant to Sections 3.01(b) or (d), amounts with respect to such Taxes were payable either to such Lender’s assignor immediately before such Lender became a party hereto or to such Lender immediately before it changed its Lending Office, (c) Taxes attributable to such Recipient’s failure to comply with Section 3.01(f) and (d) any U.S. federal withholding Taxes imposed pursuant to FATCA. Notwithstanding anything to the contrary contained in this definition, “Excluded Taxes” shall not include any withholding tax imposed at any time on payments made by or on behalf of a Foreign Borrower to any Lender hereunder or under any other Loan Document, *provided* that such Lender shall have complied with Section 3.01(f).

“Existing Credit Agreement” means that certain Credit Agreement dated as of September 20, 2019 among the Borrower, the financial institutions party thereto as lenders, Bank of America, as Administrative Agent

“Existing Letters of Credit” means those certain letters of credit set forth on Schedule 1.01(d).

“Facility” means the Revolving Facility.

“Facility Termination Date” means the date as of which all of the following shall have occurred: (a) the Aggregate Commitments have terminated, (b) all Obligations have been paid in full (other than contingent indemnification obligations), and (c) all Letters of Credit have terminated or expired (other than Letters of Credit as to which other arrangements with respect thereto satisfactory to the Administrative Agent and the L/C Issuer shall have been made).

“FASB ASC” means the Accounting Standards Codification of the Financial Accounting Standards Board.

“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 and any agreements entered into pursuant to Section 1471(b)(1) of the Code.

“Federal Funds Rate” means, for any day, the rate per annum calculated by the Federal Reserve Bank of New York based on such day’s federal funds transactions by depository institutions (as determined in such manner as the Federal Reserve Bank of New York shall set forth on its public website from time to time) and published on the next succeeding Business Day by the Federal Reserve Bank of New York as the federal funds effective rate; provided that if the Federal Funds Rate as so determined would be less than zero, such rate shall be deemed to be zero for the purposes of this Agreement.

“Fee Letter” means the letter agreement, dated as of September 20, 2019, between the Borrower and the Administrative Agent; provided that all references to the Credit Agreement therein shall be deemed to refer to this Agreement.

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

“Foreign Lender” means, with respect to any Borrower (a) if such Borrower is a U.S. Person, a Lender that is not a U.S. Person, and (b) if the Borrower is not a U.S. Person, a Lender that is resident or organized under the laws of a jurisdiction other than that in which the Borrower is resident for tax purposes. For purposes of this definition, the United States, each State thereof and the District of Columbia shall be deemed to constitute a single jurisdiction.

“Foreign Obligation Provider” shall have the meaning set forth in the definition of “Foreign Subsidiary Secured Obligations”.

“Foreign Obligation Loan Documents” means all legal documentation entered into between the applicable Foreign Subsidiary and the Foreign Obligation Provider in connection with the Foreign Subsidiary Secured Obligations.

“Foreign Obligor” means a Loan Party that is a Foreign Subsidiary.

“Foreign Subsidiary” means any Subsidiary that is not a Domestic Subsidiary.

“Foreign Subsidiary Secured Obligations” means all unpaid principal of, accrued and unpaid interest and fees and reimbursement obligations, and all expenses, reimbursements, indemnities and other

obligations under or with respect to, any loans, letters of credit, acceptances, guarantees, overdraft facilities, other credit extensions or accommodations or similar obligations owing by any Foreign Subsidiary to Bank of America or any office, branch or Affiliate of Bank of America (each, a “Foreign Obligation Provider”) that are secured pursuant to the terms of this Agreement of any Foreign Obligation Loan Document.

“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 that is a Revolving 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 Revolving Lenders or Cash Collateralized in accordance with the terms hereof, and (b) with respect to the Swingline Lender, such Defaulting Lender’s Applicable Percentage of Swingline Loans other than Swingline Loans as to which such Defaulting Lender’s participation obligation has been reallocated to other Revolving Lenders or Cash Collateralized in accordance with the terms hereof.

“FSHCO” means any Subsidiary substantially all of the assets of which constitute the Equity Interests of CFCs.

“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.

“Funding Indemnity Letter” means a funding indemnity letter, substantially in the form of Exhibit M.

“GAAP” means generally accepted accounting principles in the United States set forth from time to time 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 agencies with similar functions of comparable stature and authority within the accounting profession) including, without limitation, the FASB Accounting Standards Codification, that are applicable to the circumstances as of the date of determination, consistently applied and subject to Section 1.03.

“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, without limitation, the Financial Conduct Authority, the Prudential Regulation Authority and 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 Indebtedness of the kind described in clauses (a) through (g) of the definition thereof or other obligation payable or performable by another Person (the “primary obligor”) in any manner, whether directly or indirectly, and including any obligation of such Person, direct or indirect, (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation, (ii) to purchase or lease property, securities or services for the purpose of assuring the obligee in respect of such Indebtedness or other obligation of the payment or performance of such Indebtedness or other obligation, (iii) to maintain working capital, equity capital or any other financial statement condition or liquidity or level of income or cash flow of the primary obligor so as to enable the primary obligor to pay such Indebtedness or other obligation, or (iv) entered into for the purpose of assuring in any other manner the obligee in respect of such Indebtedness or other obligation of the payment or performance thereof or to protect such obligee against loss in respect thereof (in whole or in

part), or (b) any Lien on any assets of such Person securing any Indebtedness of the kind described in clauses (a) through (g) of the definition thereof or other obligation of any other Person, whether or not such Indebtedness or other obligation is assumed or expressly undertaken by such Person (or any right, contingent or otherwise, of any holder of such Indebtedness 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.

“Guaranteed Obligations” has the meaning set forth in Section 10.01.

“Guarantors” means, collectively, (a) the Material Subsidiaries of the Borrower as are or may from time to time become parties to this Agreement pursuant to Section 6.13, and (b) with respect to Secured Obligations owing by any Loan Party or any of its Material Subsidiaries and any Swap Obligation of a Specified Loan Party (determined before giving effect to Sections 10.01 and 10.11) under the Guaranty, the Borrower.

“Guaranty” means, collectively, the Guarantee made by the Guarantors under Article X in favor of the Secured Parties, together with each other guaranty delivered pursuant to Section 6.13.

“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, natural gas, natural gas liquids, asbestos or asbestos-containing materials, polychlorinated biphenyls, radon gas, toxic mold, infectious or medical wastes and all other substances, wastes, chemicals, pollutants, contaminants or compounds of any nature in any form regulated pursuant to any Environmental Law.

“Hedge Bank” means any Person in its capacity as a party to a Swap Contract that, (a) at the time it enters into a Swap Contract not prohibited under Articles VI or VII, is a Lender or an Affiliate of a Lender, or (b) at the time it (or its Affiliate) becomes a Lender, is a party to a Swap Contract not prohibited under Articles VI or VII, in each case, in its capacity as a party to such Swap Contract (even if such Person ceases to be a Lender or such Person’s Affiliate ceased to be a Lender); *provided*, in the case of a Secured Hedge Agreement with a Person who is no longer a Lender (or Affiliate of a Lender), such Person shall be considered a Hedge Bank only through the stated termination date (without extension or renewal) of such Secured Hedge Agreement and *provided further* that for any of the foregoing to be included as a “Secured Hedge Agreement” on any date of determination by the Administrative Agent, the applicable Hedge Bank (other than the Administrative Agent or an Affiliate of the Administrative Agent) must have delivered a Secured Party Designation Notice to the Administrative Agent prior to such date of determination.

“IFRS” means international accounting standards within the meaning of IAS Regulation 1606/2002 to the extent applicable to the relevant financial statements delivered under or referred to herein.

“Impacted Loans” has the meaning assigned to such term in Section 3.03(a).

“Indebtedness” means, as to any Person at a particular time, without duplication, all of the following, whether or not included as indebtedness or liabilities in accordance with GAAP:

(a) all obligations of such Person for borrowed money and all obligations of such Person evidenced by bonds, debentures, notes, loan agreements or other similar instruments;

(b) all direct or contingent obligations of such Person arising under standby letters of credit (including standby), bankers' acceptances, bank guaranties, surety bonds and similar instruments;

(c) net obligations of such Person under any Swap Contract;

(d) all obligations (including, without limitation, earnout obligations) of such Person to pay the deferred purchase price of property or services (other than trade accounts payable in the ordinary course of business and not past due for more than sixty (60) days after the date on which such trade account was created);

(e) indebtedness (excluding prepaid interest thereon) secured by a Lien on property owned or being purchased by such Person (including indebtedness arising under conditional sales or other title retention agreements), whether or not such indebtedness shall have been assumed by such Person or is limited in recourse;

(f) all Attributable Indebtedness in respect of Capitalized Leases and Synthetic Lease Obligations of such Person and all Synthetic Debt of such Person;

(g) all obligations of such Person to purchase, redeem, retire, defease or otherwise make any payment in respect of any Equity Interest in such Person or any other Person or any warrant, right or option to acquire such Equity Interest, valued, in the case of a redeemable preferred interest, at the greater of its voluntary or involuntary liquidation preference plus accrued and unpaid dividends; and

(h) all Guarantees of such Person in respect of any of the foregoing.

For all purposes hereof, the Indebtedness of any Person shall include the Indebtedness of any partnership or joint venture (other than a joint venture that is itself a corporation or limited liability company) in which such Person is a general partner or a joint venturer, unless such Indebtedness is expressly made non-recourse to such Person. The amount of any net obligation under any Swap Contract on any date shall be deemed to be the Swap Termination Value thereof as of such date.

"Indemnified Taxes" means all (a) Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by or on account of any obligation of any Loan Party under any Loan Document and (b) to the extent not otherwise described in clause (a), Other Taxes.

"Indemnitee" has the meaning specified in Section 11.04(b).

"Information" has the meaning specified in Section 11.07(a).

"Intercompany Debt" has the meaning specified in Section 7.02(d).

"Interest Payment Date" means, (a) as to any Loan other than a Base Rate Loan, the last day of each Interest Period applicable to such Loan and the Maturity Date of the Facility under which such Loan was made; *provided, however*, that if any Interest Period for a Eurocurrency Rate Loan exceeds three (3) months, the respective dates that fall every three (3) months after the beginning of such Interest Period shall also be Interest Payment Dates; and (b) as to any Base Rate Loan or Swingline Loan, the last Business Day of each March, June, September and December and the Maturity Date of the Facility under which such Loan was made (with Swingline Loans being deemed made under the Revolving Facility for purposes of this definition).

“Interest Period” means, as to each Eurocurrency Rate Loan, the period commencing on the date such Eurocurrency Rate Loan is disbursed or converted to or continued as a Eurocurrency Rate Loan and ending on the date one (1), two (2), three (3) or six (6) months thereafter (in each case, subject to availability for the interest rate applicable to the relevant currency), as selected by the Borrower in its Loan Notice, or such other period that is twelve months or less requested by the Borrower and consented to by all of the Lenders; *provided that*:

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

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

(c) no Interest Period shall extend beyond the Maturity Date of the Facility under which such Loan was made.

“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 Interests of another Person, (b) a loan, advance or capital contribution to, Guarantee or assumption of debt of, or purchase or other acquisition of any other debt or interest in, another Person (including any partnership or joint venture interest in such other Person and any arrangement pursuant to which the investor guaranties Indebtedness of such other Person), or (c) the purchase or other acquisition (in one transaction or a series of transactions) of assets of another Person which constitute all or substantially all of the assets of such Person or of a division, line of business or other business unit of such Person. For purposes of covenant compliance, the amount of any Investment shall be the amount actually invested, without adjustment for subsequent increases or decreases in the value of such Investment.

“IRS” means the United States Internal Revenue Service.

“ISP” means the International Standby Practices, International Chamber of Commerce Publication No. 590 (or such later version thereof as may be in effect at the applicable time).

“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.

“Joinder Agreement” means a joinder agreement substantially in the form of Exhibit D executed and delivered in accordance with the provisions of Section 6.13.

“Judgment Currency” has the meaning specified in Section 11.23.

“L/C Advance” means, with respect to each Revolving Lender, such Lender’s funding of its participation in any L/C Borrowing in accordance with its Applicable Revolving Percentage. All L/C Advances shall be denominated in Dollars.

“L/C Borrowing” means an extension of credit resulting from a drawing under any Letter of Credit which has not been reimbursed on the date when made or refinanced as a Revolving Borrowing. All L/C Borrowings shall be denominated in Dollars.

“L/C Commitment” means, with respect to the L/C Issuer, the commitment of the L/C Issuer to issue Letters of Credit hereunder. The initial amount of the L/C Issuer’s Letter of Credit Commitment is set forth on Schedule 2.03, or if the L/C Issuer has entered into an Assignment and Assumption or has otherwise assumed a Letter of Credit Commitment after the Closing Date, the amount set forth for the L/C Issuer as its Letter of Credit Commitment in the Register maintained by the Administrative Agent. The Letter of Credit Commitment of the L/C Issuer may be modified from time to time by agreement between the L/C Issuer and the Borrower, and notified to the Administrative Agent.

“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 Bank of America, through itself or through one of its designated Affiliates or branch offices, 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.

“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.

“Lender” means each of the Persons identified as a “Lender” on the signature pages hereto, each other Person that becomes a “Lender” in accordance with this Agreement and, their successors and assigns and, unless the context requires otherwise, includes the Swingline Lender. The term “Lender” shall include any Designated Lender who has funded any Credit Extension.

“Lending Office” means, as to the Administrative Agent, the L/C Issuer or any Lender, the office or offices of such Person described as such in such Person’s Administrative Questionnaire, or such other office or offices as such Person may from time to time notify the Borrower and the Administrative Agent; which office may include any Affiliate of such Person or any domestic or foreign branch of such Person or such Affiliate.

“Letter of Credit” means any standby letter of credit issued hereunder and shall include the Existing Letters of Credit. Letters of Credit may be issued in Dollars or in an Alternative Currency.

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

“Letter of Credit Fee” has the meaning specified in Section 2.03(l).

“Letter of Credit Sublimit” means, as of any date of determination, an amount equal to the lesser of (a) \$12,000,000.00 and (b) the Revolving Facility. The Letter of Credit Sublimit is part of, and not in addition to, the Revolving Facility.

“LIBOR” has the meaning specified in the definition of Eurocurrency Rate.

“LIBOR Quoted Currency” means Dollars, Euro, Sterling and Swiss Franc, in each case as long as there is a published LIBOR rate with respect thereto.

“LIBOR Screen Rate” means the LIBOR quote on the applicable screen page the Administrative Agent designates to determine LIBOR (or such other commercially available source providing such quotations as may be designated by the Administrative Agent from time to time).

“LIBOR Successor Rate” has the meaning specified in Section 3.03(c).

“LIBOR Successor Rate Conforming Changes” means, with respect to any proposed LIBOR Successor Rate, any conforming changes to the definition of Base Rate, Interest Period, timing and frequency of determining rates and making payments of interest and other technical, administrative or operational matters as may be appropriate, in the discretion of the Administrative Agent, to reflect the adoption and implementation of such LIBOR Successor Rate and to permit the administration thereof by the Administrative Agent in a manner substantially consistent with market practice (or, if the Administrative Agent determines that adoption of any portion of such market practice is not administratively feasible or that no market practice for the administration of such LIBOR Successor Rate exists, in such other manner of administration as the Administrative Agent determines is reasonably necessary in connection with the administration of this Agreement).

“Lien” means any mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or otherwise), 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 Revolving Loan or a Swingline Loan.

“Loan Documents” means, collectively, (a) this Agreement, (b) the Notes, (c) the Guaranty, (d) the Collateral Documents (if any), (e) the Fee Letter, (f) each Issuer Document, (g) each Joinder Agreement, (h) any agreement creating or perfecting rights in Cash Collateral pursuant to the provisions of Section 2.14, (i) each Designated Borrower Request and Assumption Agreement and (j) all other certificates, agreements, documents and instruments executed and delivered, in each case, by or on behalf of any Loan Party pursuant to the foregoing (but specifically excluding any Secured Hedge Agreement or any Secured Cash Management Agreement) and any amendments, modifications or supplements thereto or to any other Loan Document or waivers hereof or to any other Loan Document; *provided, however*, that for purposes of Section 11.01, “Loan Documents” shall mean this Agreement and the Guaranty.

“Loan Notice” means a notice of (a) a Borrowing, (b) a conversion of Loans from one Type to the other, or (c) a continuation of Eurocurrency Rate Loans, pursuant to Section 2.02(a), which shall be substantially in the form of Exhibit E 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.

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

“London Banking Day” means any day on which dealings in Dollar deposits are conducted by and between banks in the London interbank eurodollar market.

“Mandatory Cost” means any amount incurred periodically by any Lender during the term of the Facility which constitutes fees, costs or charges imposed on lenders generally in the jurisdiction in which such Lender is domiciled, subject to regulation, or has its Lending Office by any Governmental Authority.

“Master Agreement” has the meaning set forth in the definition of “Swap Contract.”

“Material Adverse Effect” means (a) a material adverse change in, or a material adverse effect upon, the operations, business, properties, liabilities (actual or contingent) or condition (financial or otherwise) of the Borrower or the Borrower and its Subsidiaries taken as a whole; or (b) a material adverse effect on (i) the ability of any Loan Party to perform its Obligations under any Loan Document to which it is a party, (ii) the legality, validity, binding effect or enforceability against any Loan Party of any Loan Document to which it is a party or (iii) the rights, remedies and benefits available to, or conferred upon, the Administrative Agent or any Lender under any Loan Documents.

“Material Contract” means, with respect to any Person, each contract or agreement (a) to which such Person is a party involving aggregate consideration payable to or by such Person of the Threshold Amount or more in any year or (b) otherwise material to the business, condition (financial or otherwise), operations, performance, properties or prospects of such Person or (c) any other contract, agreement, permit or license, written or oral, of the Borrower and its Subsidiaries as to which the breach, nonperformance, cancellation or failure to renew by any party thereto, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect.

“Material Subsidiary” means any Domestic Subsidiary of the Borrower that, together with its Subsidiaries, (a) generates more than 5% of Consolidated EBITDA on a Pro Forma Basis for the four (4) fiscal quarter period most recently ended or (b) has total assets (including equity interests in other Subsidiaries and excluding investments that are eliminated in consolidation) of equal to or greater than 5% of the total assets of the Borrower and its Subsidiaries, on a consolidated basis as of the end of the most recent four (4) fiscal quarters; *provided, however*, that if at any time there are Domestic Subsidiaries which are not classified as “Material Subsidiaries” but which collectively (i) generate more than 10% of Consolidated EBITDA on a Pro Forma Basis or (ii) have total assets (including equity interests in other Subsidiaries and excluding investments that are eliminated in consolidation) of equal to or greater than 10% of the total assets of the Borrower and its Subsidiaries on a Consolidated basis, then the Borrower shall promptly designate one or more of such Domestic Subsidiaries as Material Subsidiaries and cause any such Domestic Subsidiaries to comply with the provisions of Section 6.13 such that, after such Domestic Subsidiaries become Guarantors hereunder, the Domestic Subsidiaries that are not Guarantors shall (A) generate less than 10% of Consolidated EBITDA and (B) have total assets of less than 10% of the total assets of the Borrower and its Subsidiaries on a Consolidated basis.

“Maturity Date” means September 20, 2022; *provided, however*, that, in each case, if such date is not a Business Day, the Maturity Date shall be the next preceding Business Day.

“Measurement Period” means, at any date of determination, the most recently completed four (4) fiscal quarters of the Borrower (or, for purposes of determining Pro Forma Compliance, the most recently completed four (4) fiscal quarters of the Borrower for which financial statements have been delivered pursuant to Section 6.01) or, if fewer than four (4) consecutive fiscal quarters of the Borrower have been completed since the Closing Date, the fiscal quarters of the Borrower that have been completed since the

Closing Date (or, for purposes of determining Pro Forma Compliance, if financial statements have been delivered pursuant to Section 6.01 for fewer than four (4) consecutive fiscal quarters of the Borrower since the Closing Date, the fiscal quarters of the Borrower for which financial statements have been delivered pursuant to Section 6.01 since the Closing Date.

“Minimum Collateral Amount” means, at any time, (a) with respect to Cash Collateral consisting of cash or deposit account balances, an amount equal to 105% of the Fronting Exposure of the L/C Issuer with respect to Letters of Credit issued and outstanding at such time and (b) otherwise, an amount determined by the Administrative Agent and the L/C Issuer in their sole discretion.

“Moody’s” means Moody’s Investors Service, Inc. and any successor thereto.

“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 (5) 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.

“New Revolving Lender” has the meaning specified in Section 2.18(c).

“Non-Consenting Lender” means any Lender that does not approve any consent, waiver or amendment that (a) requires the approval of all Lenders or all affected Lenders in accordance with the terms of Section 11.01 and (b) has been approved by the Required Lenders.

“Non-Defaulting Lender” means, at any time, each Lender that is not a Defaulting Lender at such time.

“Non-LIBOR Quoted Currency” means any currency other than a LIBOR Quoted Currency.

“Note” means a Revolving Note, as the context may require.

“Notice of Loan Prepayment” means a notice of prepayment with respect to a Loan, which shall be substantially in the form of Exhibit P 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.

“NPL” means the National Priorities List under CERCLA.

“Obligations” means (a) all advances to, and debts, liabilities, obligations, covenants and duties of, any Loan Party arising under any Loan Document or otherwise with respect to any Loan, or Letter of Credit and (b) all costs and expenses incurred in connection with enforcement and collection of the foregoing, including the fees, charges and disbursements of counsel, in each case whether direct or indirect (including those acquired by assumption), absolute or contingent, due or to become due, now existing or hereafter arising and including interest, expenses and fees that accrue after the commencement by or against any Loan Party or Affiliate thereof pursuant to any proceeding under any Debtor Relief Laws naming such Person as the debtor in such proceeding, regardless of whether such interest, expenses and fees are allowed claims in such proceeding; *provided that*, without limiting the foregoing, the Obligations of a Loan Party shall exclude any Excluded Swap Obligations with respect to such Loan Party.

“OFAC” means the Office of Foreign Assets Control of the United States Department of the Treasury.

“Officer’s Certificate” means a certificate substantially the form of Exhibit K or any other form approved by the Administrative Agent.

“Organization Documents” means, (a) with respect to any corporation, the charter or 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 or limited liability company agreement (or equivalent or comparable documents with respect to any non-U.S. jurisdiction); (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 (or equivalent or comparable documents with respect to any non-U.S. jurisdiction) and (d) with respect to all entities, 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 (or equivalent or comparable documents with respect to any non-U.S. jurisdiction).

“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 that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, any Loan Document, except any such Taxes that are Other Connection Taxes imposed with respect to an assignment (other than an assignment made pursuant to Section 3.06).

“Outstanding Amount” means (a) with respect to Revolving Loans and Swingline Loans on any date, the Dollar Equivalent amount of the aggregate outstanding principal amount thereof after giving effect to any Borrowings and prepayments or repayments of Revolving Loans and Swingline Loans, as the case may be, occurring on such date; and (b) with respect to any L/C Obligations on any date, the Dollar Equivalent amount of the aggregate outstanding 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, (a) with respect to any amount denominated in Dollars, the greater of (i) the Federal Funds Rate and (ii) an overnight rate determined by the Administrative Agent, the L/C Issuer, or the Swingline Lender, as the case may be, in accordance with banking industry rules on interbank compensation, and (b) with respect to any amount denominated in an Alternative Currency, an overnight rate determined by the Administrative Agent, as the case may be, in accordance with banking industry rules on interbank compensation.

“Participant” has the meaning specified in Section 11.06(d).

“Participant Register” has the meaning specified in Section 11.06(d).

“Participating Member State” means any member state of the European Union that adopts or has adopted the Euro as its lawful currency in accordance with legislation of the European Union relating to Economic and Monetary Union.

“Patriot Act” has the meaning specified in Section 11.19.

“PBGC” means the Pension Benefit Guaranty Corporation.

“Pension Funding Rules” means the rules of the Code and ERISA regarding minimum funding standards with respect to Pension Plans and set forth in Sections 412, 430, 431, 432 and 436 of the Code and Sections 302, 303, 304 and 305 of ERISA.

“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 and any ERISA Affiliate or with respect to which the Borrower or any ERISA Affiliate has any liability and is either covered by Title IV of ERISA or is subject to the minimum funding standards under Section 412 of the Code.

“Permitted Acquisition” means an Acquisition by a Loan Party (the Person or division, line of business or other business unit of the Person to be acquired in such Acquisition shall be referred to herein as the “Target”), in each case that is a type of business (or assets used in a type of business) permitted to be engaged in by the Borrower and its Subsidiaries pursuant to the terms of this Agreement, in each case so long as:

(a) no Default shall then exist or would exist after giving effect thereto;

(b) the Loan Parties shall demonstrate to the reasonable satisfaction of the Administrative Agent that, after giving effect to the Acquisition on a Pro Forma Basis, the Loan Parties are in Pro Forma Compliance with the financial covenants set forth in Section 7.11;

(c) the Administrative Agent and the Lenders shall have received not less than ten (10) days prior to the consummation of any such Acquisition (i) a description of the material terms of such Acquisition, (ii) audited financial statements (or, if unavailable, management-prepared financial statements) of the Target for its two most recent fiscal years and for any fiscal quarters ended within the fiscal year to date, (iii) Consolidated projected income statements of the Borrower and its Subsidiaries (giving effect to such Acquisition), and (iv) not less than two (2) Business Days prior to the consummation of any Permitted Acquisition, a Permitted Acquisition Certificate, executed by a Responsible Officer of the Borrower certifying that such Permitted Acquisition complies with the requirements of this Agreement;

(d) the Borrower shall have provided to the Lenders all documentation and other information requested by the Lenders in connection with applicable “know your customer” and anti-money-laundering rules and regulations, including, without limitation, the Patriot Act, and any Target that becomes a Loan Party that qualifies as a “legal entity customer” under the Beneficial Ownership Regulation shall have delivered to each Lender, a Beneficial Ownership Certification in relation to such Loan Party, in each case at least three (3) Business Days prior to consummation of the Acquisition; and

(e) such Acquisition shall not be a “hostile” Acquisition and shall have been approved by the board of directors (or equivalent) and/or shareholders (or equivalent) of the applicable Loan Party and the Target.

“Permitted Acquisition Certificate” means a certificate substantially the form of Exhibit F or any other form approved by the Administrative Agent.

“Permitted Liens” has the meaning set forth in Section 7.01.

“Permitted Transfers” means (a) Dispositions of inventory in the ordinary course of business; (b) Dispositions of property to the Borrower or any Subsidiary; *provided*, that if the transferor of such property is a Loan Party then the transferee thereof must be a Loan Party; (c) Dispositions of accounts receivable in connection with the collection or compromise thereof; (d) licenses, sublicenses, leases or subleases granted to others not interfering in any material respect with the business of the Borrower and its Subsidiaries; and (e) the sale or disposition of Cash Equivalents for fair market value.

“Person” means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

“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 6.02(p).

“Pro Forma Basis” and “Pro Forma Effect” means, for any Disposition of all or substantially all of a division or a line of business or for any Acquisition, whether actual or proposed, for purposes of determining compliance with the financial covenants set forth in Section 7.11, each such transaction or proposed transaction shall be deemed to have occurred on and as of the first day of the relevant Measurement Period, and the following pro forma adjustments shall be made:

(a) in the case of an actual or proposed Disposition, all income statement items (whether positive or negative) attributable to the line of business or the Person subject to such Disposition shall be excluded from the results of the Borrower and its Subsidiaries for such Measurement Period;

(b) in the case of an actual or proposed Acquisition, income statement items (whether positive or negative) attributable to the property, line of business or the Person subject to such Acquisition shall be included in the results of the Borrower and its Subsidiaries for such Measurement Period;

(c) interest accrued during the relevant Measurement Period on, and the principal of, any Indebtedness repaid or to be repaid or refinanced in such transaction shall be excluded from the results of the Borrower and its Subsidiaries for such Measurement Period;

(d) any Indebtedness actually or proposed to be incurred or assumed in such transaction shall be deemed to have been incurred as of the first day of the applicable Measurement Period, and interest thereon shall be deemed to have accrued from such day on such Indebtedness at the applicable rates provided therefor (and in the case of interest that does or would accrue at a formula or floating rate, at the rate in effect at the time of determination) and shall be included in the results of the Borrower and its Subsidiaries for such Measurement Period; and

(e) the above pro forma calculations shall be made in good faith by a financial or accounting officer of the Borrower who is a Responsible Officer.

“Pro Forma Compliance” means, with respect to any transaction, that such transaction does not cause, create or result in a Default after giving Pro Forma Effect, based upon the results of operations for the most recently completed Measurement Period to (a) such transaction and (b) all other transactions which are contemplated or required to be given Pro Forma Effect hereunder that have occurred on or after the first day of the relevant Measurement Period.

“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.

“Public Lender” has the meaning specified in Section 6.02(l).

“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).

“QFC Credit Support” has the meaning specified in Section 11.21.

“Qualified ECP Guarantor” means, at any time, each Loan Party with total assets exceeding \$10,000,000 or that qualifies at such time as an “eligible contract participant” under the Commodity Exchange Act and can cause another Person to qualify as an “eligible contract participant” at such time under Section 1a(18)(A)(v)(II) of the Commodity Exchange Act.

“Qualifying Control Agreement” means an agreement, among a Loan Party, a depository institution or securities intermediary and the Administrative Agent, which agreement is in form and substance acceptable to the Administrative Agent and which provides the Administrative Agent with “control” (as such term is used in Article 9 of the UCC) over the deposit account(s) or securities account(s) described therein.

“Rate Determination Date” means two (2) Business Days prior to the commencement of such Interest Period (or such other day as is generally treated as the rate fixing day by market practice in such interbank market, as determined by the Administrative Agent; *provided* that, to the extent such market practice is not administratively feasible for the Administrative Agent, then “Rate Determination Date” means such other day as otherwise reasonably determined by the Administrative Agent).

“Recipient” means the Administrative Agent, any Lender, the L/C Issuer or any other recipient of any payment to be made by or on account of any obligation of any Loan Party hereunder.

“Reduction Amount” has the meaning set forth in Section 2.05(b)(ii).

“Register” has the meaning specified in Section 11.06(c).

“Regulation U” means Regulation U of the FRB, as in effect from time to time and all official rulings and interpretations thereunder or thereof.

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

“Release” means any release, spill, emission, discharge, deposit, disposal, leaking, pumping, pouring, dumping, emptying, injection or leaching into the Environment, or into, from or through any building, structure or facility.

“Relevant Governmental Body” means the Federal Reserve Board and/or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Federal Reserve Board and/or the Federal Reserve Bank of New York for the purpose of recommending a benchmark rate to replace LIBOR in loan agreements similar to this Agreement.

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

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

“Required Lenders” means, at any time, at least two (2) unaffiliated Lenders (unless there is only one Lender that is not a Defaulting Lender) having Total Credit Exposures representing more than 66 2/3% of the Total Credit Exposures of all Lenders. The Total Credit Exposure of any Defaulting Lender shall be disregarded in determining Required Lenders at any time; *provided* that, the amount of any participation in any Swingline Loan and Unreimbursed Amounts that such Defaulting Lender has failed to fund that have not been reallocated to and funded by another Lender shall be deemed to be held by the Lender that is the Swingline Lender or the L/C Issuer, as the case may be, in making such determination.

“Required Revolving Lenders” means, at any time, at least two (2) unaffiliated Revolving Lenders (unless there is only one Revolving Lender that is not a Defaulting Lender) having Total Revolving Exposures representing more than 66 2/3% of the Total Revolving Exposures of all Revolving Lenders. The Total Revolving Exposure of any Defaulting Lender shall be disregarded in determining Required Revolving Lenders at any time; *provided* that, the amount of any participation in any Swingline Loan and Unreimbursed Amounts that such Defaulting Lender has failed to fund that have not been reallocated to and funded by another Lender shall be deemed to be held by the Revolving Lender that is the Swingline Lender or the L/C Issuer, as the case may be, in making such determination.

“Resignation Effective Date” has the meaning set forth in Section 9.06(a).

“Responsible Officer” means the chief executive officer, president, chief financial officer, treasurer, assistant treasurer or controller of a Loan Party, solely for purposes of the delivery of incumbency certificates pursuant to Section 4.01(b), the secretary or any assistant secretary of a Loan Party and, solely for purposes of notices given pursuant to Article II, any other officer 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. To the extent requested by the Administrative Agent, each Responsible Officer will provide an incumbency certificate and to the extent requested by the Administrative Agent, appropriate authorization documentation, in form and substance satisfactory to the Administrative Agent.

“Restricted Payment” means (a) any dividend or other distribution, direct or indirect, on account of any shares (or equivalent) of any class of Equity Interests of the Borrower or any of its Subsidiaries, now or

hereafter outstanding, (b) any redemption, retirement, sinking fund or similar payment, purchase or other acquisition for value, direct or indirect, of any shares (or equivalent) of any class of Equity Interests of the Borrower or any of its Subsidiaries, now or hereafter outstanding, (c) any payment made to retire, or to obtain the surrender of, any outstanding warrants, options or other rights to acquire shares of any class of Equity Interests of any Loan Party or any of its Subsidiaries, now or hereafter outstanding, and (d) any payment with respect to any earnout obligation.

“Revaluation Date” means (a) with respect to any Loan, each of the following: (i) each date of a Borrowing of a Eurocurrency Rate Loan denominated in an Alternative Currency, (ii) each date of a continuation of a Eurocurrency Rate Loan denominated in an Alternative Currency pursuant to Section 2.02, and (iii) such additional dates as the Administrative Agent shall determine or the Required Lenders shall require; and (b) with respect to any Letter of Credit, each of the following: (i) each date of issuance, amendment and/or extension of a Letter of Credit denominated in an Alternative Currency, (ii) each date of any payment by the L/C Issuer under any Letter of Credit denominated in an Alternative Currency, and (iii) such additional dates as the Administrative Agent or the L/C Issuer shall determine or the Required Lenders shall require.

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

“Revolving Commitment” means, as to each Revolving Lender, its obligation to (a) make Revolving Loans to the Borrower pursuant to Section 2.01(b), (b) purchase participations in L/C Obligations, and (c) purchase participations in Swingline 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 1.01(b) under the caption “Revolving Commitment” or opposite such caption 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. The Revolving Commitment of all of the Revolving Lenders on the Closing Date shall be \$100,000,000.00.

“Revolving Exposure” means, as to any Lender at any time, the aggregate principal amount at such time of its outstanding Revolving Loans and such Lender’s participation in L/C Obligations and Swingline Loans at such time.

“Revolving Facility” means, at any time, the aggregate amount of the Revolving Lenders’ Revolving Commitments at such time.

“Revolving Lender” means, at any time, (a) so long as any Revolving Commitment is in effect, any Lender that has a Revolving Commitment at such time or (b) if the Revolving Commitments have terminated or expired, any Lender that has a Revolving Loan or a participation in L/C Obligations or Swingline Loans at such time.

“Revolving Loan” has the meaning specified in Section 2.01(b).

“Revolving Note” means a promissory note made by the Borrower in favor of a Revolving Lender evidencing Revolving Loans or Swingline Loans, as the case may be, made by such Revolving Lender, substantially in the form of Exhibit G.

“S&P” means Standard & Poor’s Financial Services LLC, a subsidiary of S&P Global Inc., and any successor thereto.

“SOFR” with respect to any day means the secured overnight financing rate published for such day by the Federal Reserve Bank of New York, as the administrator of the benchmark (or a successor administrator) on the Federal Reserve Bank of New York’s website (or any successor source) and, in each case, that has been selected or recommended by the Relevant Governmental Body.

“SOFR-Based Rate” means SOFR or Term SOFR.

“Sale and Leaseback Transaction” means, with respect to any Loan Party or any Subsidiary, any arrangement, directly or indirectly, with any Person whereby such Loan Party or such Subsidiary shall sell or transfer any property used or useful in its business, whether now owned or hereafter acquired, and thereafter rent or lease such property or other property that it intends to use for substantially the same purpose or purposes as the property being sold or transferred.

“Same Day Funds” means (a) with respect to disbursements and payments in Dollars, immediately available funds, and (b) with respect to disbursements and payments in an Alternative Currency, same day or other funds as may be determined by the Administrative Agent or the L/C Issuer, as the case may be, to be customary in the place of disbursement or payment for the settlement of international banking transactions in the relevant Alternative Currency.

“Sanction(s)” means any sanction administered or enforced by the United States Government (including, without limitation, OFAC), the United Nations Security Council, the European Union, Her Majesty’s Treasury (“HMT”) or other relevant sanctions authority.

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

“Secured Cash Management Agreement” means any Cash Management Agreement between the any Loan Party and any of its Subsidiaries and any Cash Management Bank.

“Secured Hedge Agreement” means any interest rate, currency, foreign exchange, or commodity Swap Contract required by or not prohibited under Article VI or VII between any Loan Party and any of its Subsidiaries and any Hedge Bank.

“Secured Obligations” means (a) all obligations arising under Secured Cash Management Agreements and Secured Hedge Agreements, (b) all costs and expenses incurred in connection with enforcement and collection of the foregoing, including the fees, charges and disbursements of counsel, in each case whether direct or indirect (including those acquired by assumption), absolute or contingent, due or to become due, now existing or hereafter arising and including interest, expenses and fees that accrue after the commencement by or against any Loan Party or Affiliate thereof of any proceeding under any Debtor Relief Laws naming such Person as the debtor in such proceeding, regardless of whether such interest, expenses and fees are allowed claims in such proceeding, and (c) all Foreign Subsidiary Secured Obligations; provided that Secured Obligations of a Loan Party shall exclude any Excluded Swap Obligations with respect to such Loan Party.

“Secured Parties” means, collectively, the Hedge Banks, the Cash Management Banks, Foreign Obligation Providers, the Indemnitees and each co-agent or sub-agent appointed by the Administrative Agent from time to time pursuant to Section 9.05.

“Secured Party Designation Notice” means a notice from any Lender or an Affiliate of a Lender substantially in the form of Exhibit H.

“Securitization Transaction” means, with respect to any Person, any financing transaction or series of financing transactions (including factoring arrangements) pursuant to which such Person or any Subsidiary of such Person may sell, convey or otherwise transfer, or grant a security interest in, accounts, payments, receivables, rights to future lease payments or residuals or similar rights to payment to a special purpose subsidiary or affiliate of such Person.

“Shareholders’ Equity” means, as of any date of determination, consolidated shareholders’ equity of the Borrower and its Subsidiaries as of such date, determined in accordance with GAAP.

“Solvency Certificate” means a solvency certificate in substantially in the form of Exhibit I.

“Solvent” and “Solvency” mean, with respect to any Person on any date of determination, that on such date (a) the fair value of the property of such Person is greater than the total amount of liabilities, including contingent liabilities, of such Person, (b) the present fair saleable value of the assets of such Person is not less than the amount that will be required to pay the probable liability of such Person on its debts as they become absolute and matured, (c) such Person does not intend to, and does not believe that it will, incur debts or liabilities beyond such Person’s ability to pay such debts and liabilities as they mature, (d) such Person is not engaged in business or a transaction, and is not about to engage in business or a transaction, for which such Person’s property would constitute an unreasonably small capital, and (e) such Person is able to pay its debts and liabilities, contingent obligations and other commitments as they mature in the ordinary course of business. The amount of contingent liabilities at any time shall be computed as the amount that, in the light of all the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability.

“Special Notice Currency” means at any time an Alternative Currency, other than the currency of a country that is a member of the Organization for Economic Cooperation and Development at such time located in North America or Europe.

“Specified Loan Party” means any Loan Party that is not then an “eligible contract participant” under the Commodity Exchange Act (determined prior to giving effect to Section 10.11).

“Sterling” and “£” mean the lawful currency of the United Kingdom.

“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 Voting Stock is at the time beneficially owned, or the management of which is otherwise controlled, directly, or indirectly through one or more intermediaries, or both, by such Person. Unless otherwise specified, all references herein to a “Subsidiary” or to “Subsidiaries” shall refer to a Subsidiary or Subsidiaries of the Borrower.

“Supported QFC” has the meaning specified in Section 11.21.

“Swap Contract” means (a) any and all rate swap transactions, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward bond or forward bond price or forward bond index transactions, interest rate options, forward foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross-currency rate swap transactions, currency options, spot contracts, or any other similar transactions or any combination of any of the foregoing (including any options to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement, and (b) any and all transactions of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and

Derivatives Association, Inc., any International Foreign Exchange Master Agreement, or any other master agreement (any such master agreement, together with any related schedules, a “Master Agreement”), including any such obligations or liabilities under any Master Agreement.

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

“Swap Termination Value” means, in respect of any one or more Swap Contracts, after taking into account the effect of any legally enforceable netting agreement relating to such Swap Contracts, (a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) determined in accordance therewith, such termination value(s), and (b) for any date prior to the date referenced in clause (a), the amount(s) determined as the mark-to-market value(s) for such Swap Contracts, as determined based upon one or more mid-market or other readily available quotations provided by any recognized dealer in such Swap Contracts (which may include a Lender or any Affiliate of a Lender).

“Swingline Borrowing” means a borrowing of a Swingline Loan pursuant to Section 2.04.

“Swingline Commitment” means, as to any Lender (a) the amount set forth opposite such Lender’s name on Schedule 2.01 hereof or (b) if such Lender has entered into an Assignment and Assumption or has otherwise assumed a Swingline Commitment after the Closing Date, the amount set forth for such Lender as its Swingline Commitment in the Register maintained by the Administrative Agent pursuant to Section 11.06(c).

“Swingline Lender” means Bank of America, through itself or through one of its designated Affiliates or branch offices, in its capacity as provider of Swingline Loans, or any successor swingline lender hereunder.

“Swingline Loan” has the meaning specified in Section 2.04(a).

“Swingline Loan Notice” means a notice of a Swingline Borrowing pursuant to Section 2.04(b), which shall be substantially in the form of Exhibit J or such other form as 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.

“Swingline Sublimit” means an amount equal to the lesser of (a) \$8,000,000.00 and (b) the Revolving Facility. The Swingline Sublimit is part of, and not in addition to, the Revolving Facility.

“Synthetic Debt” means, with respect to any Person as of any date of determination thereof, all obligations of such Person in respect of transactions entered into by such Person that are intended to function primarily as a borrowing of funds (including any minority interest transactions that function primarily as a borrowing) but are not otherwise included in the definition of “Indebtedness” or as a liability on the Consolidated balance sheet of such Person and its Subsidiaries in accordance with GAAP.

“Synthetic Lease Obligation” means the monetary obligation of a Person under (a) a so-called synthetic, off-balance sheet or tax retention lease, or (b) an agreement for the use or possession of property (including Sale and Leaseback Transactions), in each case, creating obligations that do not appear on the balance sheet of such Person but which, upon the application of any Debtor Relief Laws to such Person, would be characterized as the indebtedness of such Person (without regard to accounting treatment).

“Target” has the meaning set forth in the definition of “Permitted Acquisition.”

“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 the forward-looking term rate for any period that is approximately (as determined by the Administrative Agent) as long as any of the Interest Period options set forth in the definition of “Interest Period” and that is based on SOFR and that has been selected or recommended by the Relevant Governmental Body, in each case as published on an information service as selected by the Administrative Agent from time to time in its reasonable discretion.

“Threshold Amount” means \$15,000,000.00.

“Total Credit Exposure” means, as to any Lender at any time, the unused Commitments and Revolving Exposure of such Lender at such time.

“Total Revolving Exposure” means, as to any Revolving Lender at any time, the unused Commitments and Revolving Exposure of such Revolving Lender at such time.

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

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

“UCC” means the Uniform Commercial Code as in effect in the State of New York; *provided* that, if perfection or the effect of perfection or non-perfection or the priority of any security interest in any Collateral is governed by the Uniform Commercial Code as in effect in a jurisdiction other than the State of New York, “UCC” means the Uniform Commercial Code as in effect from time to time in such other jurisdiction for purposes of the provisions hereof relating to such perfection, effect of perfection or non-perfection or priority.

“UCP” means the Uniform Customs and Practice for Documentary Credits, International Chamber of Commerce Publication No. 600 (or such later version thereof as may be in effect at the applicable time).

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

“Unreimbursed Amount” has the meaning specified in Section 2.03(f).

“U.S. Loan Party” means any Loan Party that is organized under the laws of the United States, any state thereof for the District of Columbia.

“U.S. Person” means any Person that is a “United States Person” as defined in Section 7701(a)(30) of the Code.

“U.S. Special Resolution Regimes” has the meaning specified in Section 11.21.

“U.S. Tax Compliance Certificate” has the meaning specified in Section 3.01(f)(ii)(B)(3).

“Voting Stock” means, with respect to any Person, Equity Interests issued by such Person the holders of which are ordinarily, in the absence of contingencies, entitled to vote for the election of directors

(or persons performing similar functions) of such Person, even though the right to so vote has been suspended by the happening of such contingency.

“Withholding Agent” means the Borrower and the Administrative Agent.

“Write-Down and Conversion Powers” means, with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule.

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 the Loan Documents and any Organization Document) shall be construed as referring to such agreement, instrument or other document as from time to time amended, amended and restated, modified, extended, restated, replaced or supplemented from time to time (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, Preliminary Statements, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Preliminary Statements, Exhibits and Schedules to, the Loan Document in which such references appear, (v) any reference to any law shall include all statutory and regulatory rules, regulations, orders and 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, extended, restated, replaced 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. Any and all references to “Borrower” regardless of whether preceded by the term “a,” “any,” “each of,” “all,” “and/or,” or any other similar term shall be deemed to refer, as the context requires, to each and every (and/or any, one or all) parties constituting a Borrower, individually and/or in the aggregate.

(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, 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, 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. Notwithstanding the foregoing, for purposes of determining compliance with any covenant (including the computation of any financial covenant) contained herein, (i) Indebtedness of the Borrower and its Subsidiaries shall be deemed to be carried at 100% of the outstanding principal amount thereof, and the effects of FASB ASC 825 and FASB ASC 470–20 on financial liabilities shall be disregarded, (ii) all liability amounts (including Indebtedness) shall be determined excluding any liability relating to any operating lease, all asset amounts shall be determined excluding any right-of-use assets relating to any operating lease, all amortization amounts shall be determined excluding any amortization of a right-of-use asset relating to any operating lease, and all interest amounts shall be determined excluding any deemed interest comprising a portion of fixed rent payable under any operating lease, in each case to the extent that such liability (including Indebtedness), asset, amortization or interest pertains to an operating lease under which the covenantor or a member of its consolidated group is the lessee and would not have been accounted for as such under GAAP as in effect on December 31, 2015, and (iii) all terms of an accounting or financial nature used herein shall be construed, and all computations of amounts and ratios referred to herein shall be made, without giving effect to any election under FASB ASC Topic 825 “Financial Instruments” (or any other financial accounting standard having a similar result or effect) to value any Indebtedness of the Borrower or any Subsidiary at “fair value”, as defined therein. For purposes of determining the amount of any outstanding Indebtedness, no effect shall be given to (x) any election by the Borrower to measure an item of Indebtedness using fair value (as permitted by Financial Accounting Standards Board Accounting Standards Codification 825–10–25 (formerly known as FASB 159) or any similar accounting standard) or (y) any change in accounting for leases pursuant to GAAP resulting from the implementation of Financial Accounting Standards Board ASU No. 2016–02, Leases (Topic 842), to the extent such adoption would require recognition of a lease liability where such lease (or similar arrangement) would not have required a lease liability under GAAP as in effect on December 31, 2015.

(b) Changes in GAAP. If at any time any change in GAAP (including the adoption of IFRS) would affect the computation of any financial ratio or requirement set forth in any Loan Document, and either the Borrower or the Required Lenders shall so request, the Administrative Agent, the Lenders and the Borrower shall negotiate in good faith to amend such ratio or requirement to preserve the original intent thereof in light of such change in GAAP (subject to the approval of the Required Lenders); *provided that*, until so amended, (i) such ratio or requirement shall continue to be computed in accordance with GAAP prior to such change therein and (ii) the

Borrower shall provide to the Administrative Agent and the Lenders financial statements and other documents required under this Agreement or as reasonably requested hereunder setting forth a reconciliation between calculations of such ratio or requirement made before and after giving effect to such change in GAAP.

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 one place more than the number of places by which such ratio is expressed herein and rounding the result up or down to the nearest number (with a rounding-up 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 Eastern 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 Dollar Equivalent of the stated amount of such Letter of Credit in effect at such time; *provided, however*, that with respect to any Letter of Credit that, by its terms or the terms of any Issuer Document related thereto, provides for one or more automatic increases in the stated amount thereof, the amount of such Letter of Credit shall be deemed to be the Dollar Equivalent of the maximum stated amount of such Letter of Credit after giving effect to all such increases, whether or not such maximum stated amount is in effect at such time.

1.07 UCC Terms.

Terms defined in the UCC in effect on the Closing Date and not otherwise defined herein shall, unless the context otherwise indicates, have the meanings provided by those definitions. Subject to the foregoing, the term "UCC" refers, as of any date of determination, to the UCC then in effect.

1.08 Exchange Rates; Currency Equivalents.

(a) The Administrative Agent or the L/C Issuer, as applicable, shall determine the Dollar Equivalent amounts of Credit Extensions and Outstanding Amounts denominated in Alternative Currencies. Such Dollar Equivalent shall become effective as of such Revaluation Date and shall be the Dollar Equivalent of such amounts until the next Revaluation Date to occur. Except for purposes of financial statements delivered by Loan Parties hereunder or calculating financial covenants hereunder or except as otherwise provided herein, the applicable amount of any currency (other than Dollars) for purposes of the Loan Documents shall be such Dollar Equivalent amount as so determined by the Administrative Agent or the L/C Issuer, as applicable.

(b) Wherever in this Agreement in connection with a Borrowing, conversion, continuation or prepayment of a Eurocurrency Rate Loan or the issuance, amendment or extension of a Letter of Credit, an amount, such as a required minimum or multiple amount, is expressed in Dollars, but such Borrowing, Eurocurrency Rate Loan or Letter of Credit is denominated in an Alternative Currency, such amount shall be the relevant Alternative Currency Equivalent of such Dollar amount (rounded to the nearest unit of such Alternative Currency, with 0.5 of a unit being rounded upward), as determined by the Administrative Agent or the L/C Issuer, as the case may be.

(c) The Administrative Agent does not warrant, nor accept responsibility, nor shall the Administrative Agent have any liability with respect to the administration, submission or any other matter related to the rates in the definition of “Eurocurrency Rate” or with respect to any rate that is an alternative or replacement for or successor to any of such rates (including, without limitation, any LIBOR Successor Rate) or the effect of any of the foregoing, or of any LIBOR Successor Rate Conforming Changes.

1.09 Additional Alternative Currencies.

(a) The Company may from time to time request that Eurocurrency Rate Loans be made and/or Letters of Credit be issued in a currency other than those specifically listed in the definition of “Alternative Currency”; *provided* that (i) such requested currency is an Eligible Currency and (iii) such requested currency shall only be treated as a “LIBOR Quoted Currency” to the extent that there is published LIBOR rate for such currency. In the case of any such request with respect to the making of Eurocurrency Rate Loans, such request shall be subject to the approval of the Administrative Agent and each Lender with a Commitment under which such currency is requested to be made available; and in the case of any such request with respect to the issuance of Letters of Credit, such request shall be subject to the approval of the Administrative Agent and the L/C Issuer.

(b) Any such request shall be made to the Administrative Agent not later than 11:00 a.m., twenty (20) Business Days prior to the date of the desired Credit Extension (or such other time or date as may be agreed by the Administrative Agent and, in the case of any such request pertaining to Letters of Credit, the L/C Issuer, in its or their sole discretion). In the case of any such request pertaining to Eurocurrency Rate Loans, the Administrative Agent shall promptly notify each Appropriate Lender thereof; and in the case of any such request pertaining to Letters of Credit, the Administrative Agent shall promptly notify the L/C Issuer thereof. Each Appropriate Lender (in the case of any such request pertaining to Eurocurrency Rate Loans) or the L/C Issuer (in the case of a request pertaining to Letters of Credit) shall notify the Administrative Agent, not later than 11:00 a.m., ten (10) Business Days after receipt of such request whether it consents, in its sole discretion, to the making of Eurocurrency Rate Loans or the issuance of Letters of Credit, as the case may be, in such requested currency.

(c) Any failure by a Lender or the L/C Issuer, as the case may be, to respond to such request within the time period specified in the preceding sentence shall be deemed to be a refusal by such Lender or the L/C Issuer, as the case may be, to permit Eurocurrency Rate Loans to be made or Letters of Credit to be issued in such requested currency. If the Administrative Agent and all the Appropriate Lenders consent to making Eurocurrency Rate Loans in such requested currency and the Administrative Agent and such Lenders reasonably determine that an appropriate interest rate is available to be used for such requested currency, the Administrative Agent shall so notify the Company and (i) the Administrative Agent and such Lenders may amend the definition of Eurocurrency Rate for any Non-LIBOR Quoted Currency to the extent necessary to add the applicable Eurocurrency Rate for such currency and (ii) to the extent the definition of Eurocurrency Rate reflects the appropriate interest rate for such currency or has been amended to reflect the appropriate rate for such currency, such currency shall thereupon be deemed for all purposes to be an Alternative Currency for purposes of any Borrowings of Eurocurrency Rate Loans. If the Administrative Agent and the L/C Issuer consent to the issuance of Letters of Credit in such requested currency, the Administrative Agent shall so notify the Company and (iii) the Administrative Agent and the L/C Issuer may amend the definition of Eurocurrency Rate for any Non-LIBOR Quoted Currency to the extent necessary to add the applicable Eurocurrency Rate for such currency and (iv) to the extent the definition of Eurocurrency Rate reflects the appropriate

interest rate for such currency or has been amended to reflect the appropriate rate for such currency, such currency shall thereupon be deemed for all purposes to be an Alternative Currency, for purposes of any Letter of Credit issuances. If the Administrative Agent shall fail to obtain consent to any request for an additional currency under this Section 1.09, the Administrative Agent shall promptly so notify the Company.

1.10 Change of Currency.

(a) Each obligation of the Borrowers to make a payment denominated in the national currency unit of any member state of the European Union that adopts the Euro as its lawful currency after the date hereof shall be redenominated into Euro at the time of such adoption. If, in relation to the currency of any such member state, the basis of accrual of interest expressed in this Agreement in respect of that currency shall be inconsistent with any convention or practice in the London interbank market for the basis of accrual of interest in respect of the Euro, such expressed basis shall be replaced by such convention or practice with effect from the date on which such member state adopts the Euro as its lawful currency; *provided* that, if any Borrowing in the currency of such member state is outstanding immediately prior to such date, such replacement shall take effect, with respect to such Borrowing, at the end of the then current Interest Period.

(b) Each provision of this Agreement shall be subject to such reasonable changes of construction as the Administrative Agent may from time to time specify to be appropriate to reflect the adoption of the Euro by any member state of the European Union and any relevant market conventions or practices relating to the Euro.

(c) Each provision of this Agreement also shall be subject to such reasonable changes of construction as the Administrative Agent may from time to time specify to be appropriate to reflect a change in currency of any other country and any relevant market conventions or practices relating to the change in currency.

ARTICLE II

COMMITMENTS AND CREDIT EXTENSIONS

2.01 Loans.

(a) Revolving Borrowings. Subject to the terms and conditions set forth herein, each Revolving Lender severally agrees to make loans (each such loan, a "Revolving Loan") to the Borrower, in Dollars or in one or more Alternative Currencies, 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 Revolving Commitment; *provided, however*, that after giving effect to any Revolving Borrowing, (i) the Total Revolving Outstandings shall not exceed the Revolving Facility, (ii) the Revolving Exposure of any Lender shall not exceed such Revolving Lender's Revolving Commitment, and the aggregate Outstanding Amount of all Loans denominated in Alternative Currencies shall not exceed the Alternative Currency Sublimit. Within the limits of each Revolving Lender's Revolving Commitment, and subject to the other terms and conditions hereof, the Borrower may borrow Revolving Loans, prepay under Section 2.05, and reborrow under this Section 2.01(a). Revolving Loans may be Base Rate Loans or Eurocurrency Rate Loans, as further provided herein; *provided, however*, any Revolving Borrowings made on the Closing Date or any of the three (3) Business Days following the Closing Date shall be made as Base Rate Loans unless the Borrower delivers a Funding Indemnity Letter not less than three (3) Business Days prior to the date of such Revolving Borrowing.

2.02 Borrowings, Conversions and Continuations of Loans.

(a) **Notice of Borrowing.** Each Borrowing, each conversion of Loans from one Type to the other, and each continuation of Eurocurrency Rate Loans shall be made upon the Borrower's irrevocable notice to the Administrative Agent, which may be given by: (i) telephone or (ii) a Loan Notice; *provided* that any telephonic notice must be confirmed immediately by delivery to the Administrative Agent of a Loan Notice. Each such Loan Notice must be received by the Administrative Agent not later than 11:00 a.m. (A) three (3) Business Days prior to the requested date of any Borrowing of, conversion to or continuation of Eurocurrency Rate Loans denominated in Dollars or of any conversion of Eurocurrency Rate Loans denominated in Dollars to Base Rate Loans, (B) four (4) Business Days (or five (5) Business Days in the case of a Special Notice Currency) prior to the requested date of any Borrowing or continuation of Eurocurrency Rate Loans denominated in Alternative Currencies, and (C) on the requested date of any Borrowing of Base Rate Loans, whereupon the Administrative Agent shall give prompt notice to the Appropriate Lenders of such request and determine whether the requested Interest Period is acceptable to all of them. Not later than 11:00 a.m., (1) three (3) Business Days before the requested date of such Borrowing, conversion or continuation of Eurocurrency Rate Loans denominated in Dollars, or (2) four (4) Business Days (or five (5) Business Days in the case of a Special Notice Currency) prior to the requested date of such Borrower, conversion or continuation of Eurocurrency Rate Loans denominated in Alternative Currencies, the Administrative Agent shall notify the Borrower (which notice may be by telephone) whether or not the requested Interest Period has been consented to by all the Lenders. Each Borrowing of, conversion to or continuation of Eurocurrency Rate Loans shall be in a principal amount of the Dollar Equivalent of \$1,000,000 or a whole multiple of the Dollar Equivalent of \$500,000 in excess thereof. Except as provided in Sections 2.03(c) and 2.04(c), each Borrowing of or conversion to Base Rate Loans shall be in a principal amount of \$500,000 or a whole multiple of \$100,000 in excess thereof. Each Loan Notice and each telephonic notice shall specify (I) the applicable Facility and whether the Borrower is requesting a Borrowing, a conversion of Loans from one Type to the other, or a continuation of Loans, as the case may be, under such Facility, (II) the requested date of the Borrowing, conversion or continuation, as the case may be (which shall be a Business Day), (III) the principal amount of Loans to be borrowed, converted or continued, (IV) the Type of Loans to be borrowed or to which existing Loans are to be converted, (V) if applicable, the duration of the Interest Period with respect thereto, (VI) the currency of the Loans to be borrowed, and (VII) if applicable, the Designated Borrower. If the Company fails to specify a currency in a Loan Notice requesting a Borrowing, then the Loans so requested shall be made in Dollars. If the Borrower fails to specify a Type of Loan in a Loan Notice or if the Borrower fails to give a timely notice requesting a conversion or continuation, then the applicable Loans shall be made as, or converted to, Base Rate Loans; *provided, however*, that in the case of a failure to timely request a continuation of Loans denominated in an Alternative Currency, such Loans shall be continued as Eurocurrency Rate Loans in their original currency with an Interest Period of one (1) month. 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 Eurocurrency Rate Loans. If the Borrower requests a Borrowing of, conversion to, or continuation of Eurocurrency Rate Loans in any such Loan Notice, but fails to specify an Interest Period, it will be deemed to have specified an Interest Period of one (1) month. Notwithstanding anything to the contrary herein, a Swingline Loan may not be converted to a Eurocurrency Rate Loan. Except as provided pursuant to Section 2.12(a), no Loan may be converted into or continued as a Loan denominated in a different currency, but instead must be repaid in the original currency of such Loan and reborrowed in the other currency.

(b) Advances. Following receipt of a Loan Notice for a Facility, the Administrative Agent shall promptly notify each Appropriate Lender of the amount (and currency) of its Applicable Percentage under such Facility of the applicable Loans, and if no timely notice of a conversion or continuation is provided by the Borrower, the Administrative Agent shall notify each Appropriate Lender of the details of any automatic conversion to Base Rate Loans or continuation of Loans denominated in a currency other than Dollars, in each case as described in Section 2.02(a). In the case of a Borrowing, each Appropriate Lender shall make the amount of its Loan available to the Administrative Agent in Same Day Funds at the Administrative Agent's Office for the applicable currency not later than 1:00 p.m., in the case of any Loan denominated in Dollars, and not later than the Applicable Time specified by the Administrative Agent in the case of any Loan in an Alternative Currency, in each case on the Business Day specified in the applicable Loan Notice or, as to Loans to be made on the Closing Date as to which Advance Funding Arrangements are in effect, in accordance with the terms thereof. 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 Bank of America 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 a Loan Notice with respect to a Revolving Borrowing denominated in Dollars is given by the Borrower, there are L/C Borrowings outstanding, then the proceeds of such Revolving 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) Eurocurrency Rate Loans. Except as otherwise provided herein, a Eurocurrency Rate Loan may be continued or converted only on the last day of an Interest Period for such Eurocurrency Rate Loan. During the existence of a Default, no Loans may be requested as, converted to or continued as Eurocurrency Rate Loans without the consent of the Required Lenders, and the Required Lenders may demand that any or all of the outstanding Eurocurrency Rate Loans denominated in Dollars be converted immediately to Base Rate Loans and any or all of the then outstanding Eurocurrency Rate Loans denominated in an Alternative Currency be prepaid, or redenominated into Dollars in the amount of the Dollar Equivalent thereof, on the last day of the then current Interest Period with respect thereto.

(d) Interest Rates. Each determination of an interest rate by the Administrative Agent pursuant to any provision of this Agreement shall be conclusive and binding on the Borrower and the Lenders in the absence of manifest error.

(e) Interest Periods. After giving effect to all Revolving Borrowings, all conversions of Revolving Loans from one Type to the other, and all continuations of Revolving Loans as the same Type, there shall not be more than ten (10) Interest Periods in effect in respect of the Revolving Facility.

(f) Cashless Settlement Mechanism. Notwithstanding anything to the contrary in this Agreement, any Lender may exchange, continue or rollover all or the portion of its Loans in connection with any refinancing, extension, loan modification or similar transaction permitted by the terms of this Agreement, pursuant to a cashless settlement mechanism approved by the Borrower, the Administrative Agent and such Lender.

2.03 Letters of Credit

(a) The Letter of Credit Commitment. Subject to the terms and conditions set forth herein, in addition to the Loans provided for in Section 2.01, the Borrower may request that the L/C Issuer, in reliance on the agreements of the Revolving Lenders set forth in this Section 2.03, issue, at any time and from time to time during the Availability Period, Letters of Credit for its own account or the account of any of its Subsidiaries in such form as is acceptable to the Administrative Agent and the L/C Issuer in its reasonable determination. Letters of Credit issued hereunder shall constitute utilization of the Revolving Commitments.

(b) Notice of Issuance, Amendment, Extension, or Renewal.

(i) To request the issuance of a Letter of Credit (or the amendment of the terms and conditions, extension of the terms and conditions, extension of the expiration date, or reinstatement of amounts paid, or renewal of an outstanding Letter of Credit), the Borrower shall deliver (or transmit by electronic communication, if arrangements for doing so have been approved by the L/C Issuer) to the L/C Issuer and to the Administrative Agent not later than 11:00 a.m. at least two (2) 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 a notice requesting the issuance of a Letter of Credit, or identifying the Letter of Credit to be amended, extended, reinstated or renewed, and specifying the date of issuance, amendment, extension, reinstatement or renewal (which shall be a Business Day), the date on which such Letter of Credit is to expire (which shall comply with clause (d) of this Section 2.03), the amount of such Letter of Credit, the name and address of the beneficiary thereof, the purpose and nature of the requested Letter of Credit and such other information as shall be necessary to prepare, amend, extend, reinstate or renew such Letter of Credit. If requested by the L/C Issuer, the Borrower also shall submit a letter of credit application and reimbursement agreement on the L/C Issuer's standard form in connection with any request for a Letter of Credit. In the event of any inconsistency between the terms and conditions of this Agreement and the terms and conditions of any form of letter of credit application and reimbursement agreement or other agreement submitted by the Borrower to, or entered into by the Borrower with, the L/C Issuer relating to any Letter of Credit, the terms and conditions of this Agreement shall control.

(ii) If the Borrower so requests in any applicable Letter of Credit Application (or the amendment of an outstanding Letter of Credit), the L/C Issuer may, in its sole discretion, agree to issue a Letter of Credit that has automatic extension provisions (each, an "Auto-Extension Letter of Credit"); *provided* that any such Auto-Extension Letter of Credit shall permit the L/C Issuer to prevent any such extension at least once in each twelve-month period (commencing with the date of issuance of such Letter of Credit) by giving prior notice to the beneficiary thereof not later than a day (the "Non-Extension Notice Date") in each such twelve-month period to be agreed upon by the Borrower and the L/C Issuer at the time such Letter of Credit is issued. Unless otherwise directed by the L/C Issuer, the Borrower shall not be required to make a specific request to the L/C Issuer for any such extension. Once an Auto-Extension Letter of Credit has been issued, the Revolving Lenders shall be deemed to have authorized (but may not require) the L/C Issuer to permit the extension of such Letter of Credit at any time to an expiration date not later than the date permitted pursuant to Section 2.03(d); *provided*, that the L/C Issuer shall not (A) permit any such extension if (1) the L/C Issuer has determined that it would not be permitted, or would have no obligation, at such time to issue such Letter of Credit in its extended form under the terms hereof (except that the expiration date may be extended to a

date that is no more than one (1) year from the then-current expiration date) or (2) it has received notice (which may be in writing or by telephone (if promptly confirmed in writing)) on or before the day that is seven (7) Business Days before the Non-Extension Notice Date from the Administrative Agent that the Required Revolving Lenders have elected not to permit such extension or (B) be obligated to permit such extension if it has received notice (which may be in writing or by telephone (if promptly confirmed in writing)) on or before the day that is seven (7) Business Days before the Non-Extension Notice Date from the Administrative Agent, any Revolving Lender or the Borrower that one or more of the applicable conditions set forth in Section 4.02 is not then satisfied, and in each such case directing the L/C Issuer not to permit such extension.

(c) Limitations on Amounts, Issuance and Amendment. A Letter of Credit shall be issued, amended, extended, reinstated or renewed only if (and upon issuance, amendment, extension, reinstatement or renewal of each Letter of Credit the Borrower shall be deemed to represent and warrant that), after giving effect to such issuance, amendment, extension, reinstatement or renewal (w) the aggregate amount of the outstanding Letters of Credit issued by the L/C Issuer shall not exceed its L/C Commitment, (x) the aggregate L/C Obligations shall not exceed the L/C Sublimit, (y) the Revolving Exposure of any Lender shall not exceed its Revolving Commitment and (z) the Total Revolving Exposure shall not exceed the total Revolving Commitments.

(i) 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 such 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 \$500,000, in the case of a standby Letter of Credit;

(D) any Revolving 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 2.15(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

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

(ii) 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.

(d) Expiration Date. Each Letter of Credit shall have a stated expiration date no later than the earlier of (x) the date twelve (12) months after the date of the issuance of such Letter of Credit (or, in the case of any extension of the expiration date thereof, whether automatic or by amendment, twelve months after the then-current expiration date of such Letter of Credit) and (y) the date that is five (5) Business Days prior to the Maturity Date; provided, however, that a Letter of Credit may have a stated expiration date up to twelve (12) months after the date referred to in clause (y) (but not after the date referred to in clause (x)) so long as not later than five (5) Business Days prior to the Maturity Date, the Borrower Cash Collateralizes such Letter of Credit in accordance with Section 2.03(q).

(e) Participations.

(i) By the issuance of a Letter of Credit (or an amendment to a Letter of Credit increasing the amount or extending the expiration date thereof), and without any further action on the part of the L/C Issuer or the Lenders, the L/C Issuer hereby grants to each Revolving Lender, and each Revolving Lender hereby acquires from the L/C Issuer, a participation in such Letter of Credit equal to such Lender's Applicable Percentage of the aggregate amount available to be drawn under such Letter of Credit. Each Revolving Lender acknowledges and agrees that its obligation to acquire participations pursuant to this clause (e) in respect of Letters of Credit is absolute, unconditional and irrevocable and shall not be affected by any circumstance whatsoever, including any amendment, extension, reinstatement or renewal of any Letter of Credit or the occurrence and continuance of a Default or reduction or termination of the Revolving Commitments.

(ii) In consideration and in furtherance of the foregoing, each Revolving Lender hereby absolutely, unconditionally and irrevocably agrees to pay to the Administrative Agent, for account of the L/C Issuer, such Lender's Applicable Percentage of each L/C Disbursement made by the L/C Issuer not later than 1:00 p.m. on the Business Day specified in the notice provided by the Administrative Agent to the Revolving Lenders pursuant to Section 2.03(f) until such L/C Disbursement is reimbursed by the Borrower or at any time after any reimbursement payment is required to be refunded to the Borrower for any reason, including after the Maturity Date. Such payment shall be made without any offset, abatement, withholding or reduction whatsoever. Each such payment shall be made in the same manner as provided in Section 2.02 with respect to Loans made by such Lender (and Section 2.02 shall apply, *mutatis mutandis*, to the payment obligations of the Revolving Lenders pursuant to this Section 2.03), and the Administrative Agent shall promptly pay to the L/C Issuer the amounts so received by it from the Lenders. Promptly following receipt by the Administrative Agent of any payment from the Borrower pursuant to Section 2.03(f), the Administrative Agent shall distribute such payment to the L/C Issuer or, to the extent that the Revolving Lenders have made payments pursuant to this clause (e)

to reimburse the L/C Issuer, then to such Lenders and the L/C Issuer as their interests may appear. Any payment made by a Lender pursuant to this clause (e) to reimburse the L/C Issuer for any L/C Disbursement shall not constitute a Loan and shall not relieve the Borrower of its obligation to reimburse such L/C Disbursement.

(iii) Each Revolving Lender further acknowledges and agrees that its participation in each Letter of Credit will be automatically adjusted to reflect such Lender's Applicable Percentage of the aggregate amount available to be drawn under such Letter of Credit at each time such Lender's Commitment is amended pursuant to the operation of Sections 2.18 , as a result of an assignment in accordance with Section 11.06 or otherwise pursuant to this Agreement.

(iv) If any Revolving 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 2.03(e), 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 applicable Overnight 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 Revolving Loan included in the relevant Revolving 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 Revolving Lender (through the Administrative Agent) with respect to any amounts owing under this clause (e)(vi) shall be conclusive absent manifest error.

(f) Reimbursement. If the L/C Issuer shall make any L/C Disbursement in respect of a Letter of Credit, the Borrower shall reimburse the L/C Issuer in respect of such L/C Disbursement by paying to the Administrative Agent an amount equal to such L/C Disbursement not later than 12:00 noon on (i) the Business Day that the Borrower receives notice of such L/C Disbursement, if such notice is received prior to 10:00 a.m. or (ii) the Business Day immediately following the day that the Borrower receives such notice, if such notice is not received prior to such time, provided that, if such L/C Disbursement is not less than \$1,000,000, the Borrower may, subject to the conditions to borrowing set forth herein, request in accordance with Section 2.02 or Section 2.04 that such payment be financed with a Borrowing of Base Rate Loans or Swingline Loan in an equivalent amount and, to the extent so financed, the Borrower's obligation to make such payment shall be discharged and replaced by the resulting Borrowing of Base Rate Loans or Swingline Loan. If the Borrower fails to make such payment when due, the Administrative Agent shall notify each Revolving Lender of the applicable L/C Disbursement, the payment then due from the Borrower in respect thereof (the "Unreimbursed Amount") and such Lender's Applicable Percentage thereof. Promptly upon receipt of such notice, each Revolving Lender shall pay to the Administrative Agent its Applicable Percentage of the Unreimbursed Amount pursuant to Section 2.03(e)(ii), subject to the amount of the unutilized portion of the aggregate Revolving Commitments. Any notice given by the L/C Issuer or the Administrative Agent pursuant to this Section 2.03(f) 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.

(g) Obligations Absolute. The Borrower's obligation to reimburse L/C Disbursements as provided in clause (f) of this Section 2.03 shall be absolute, unconditional and irrevocable, and shall be performed strictly in accordance with the terms of this Agreement under any and all circumstances whatsoever and irrespective of:

(i) any lack of validity or enforceability of this Agreement, any other Loan Document or any Letter of Credit, or any term or provision herein or therein;

(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 in such draft or other document 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) waiver by the L/C Issuer of any requirement that exists for the L/C Issuer's protection and not the protection of the Borrower or any waiver by the L/C Issuer which does not in fact materially prejudice the Borrower;

(v) honor of a demand for payment presented electronically even if such Letter of Credit required that demand be in the form of a draft;

(vi) any payment made by the L/C Issuer in respect of an otherwise complying item presented after the date specified as the expiration date of, or the date by which documents must be received under such Letter of Credit if presentation after such date is authorized by the UCC, the ISP or the UCP, as applicable;

(vii) payment by the L/C Issuer under a Letter of Credit against presentation of a draft or other document that does not comply strictly 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;

(viii) any other event or circumstance whatsoever, whether or not similar to any of the foregoing, that might, but for the provisions of this Section 2.03, constitute a legal or equitable discharge of, or provide a right of setoff against, the Borrower's obligations hereunder; or

(ix) any adverse change in the relevant exchange rates or in the availability of the relevant Alternative Currency to the Company or any Subsidiary or in the relevant currency markets generally.

(h) Examination. 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.

(i) Liability. None of the Administrative Agent, the Lenders, the L/C Issuer, or any of their Related Parties shall have any liability or responsibility by reason of or in connection with the issuance or transfer of any Letter of Credit by the L/C Issuer or any payment or failure to make any payment thereunder (irrespective of any of the circumstances referred to in the preceding sentence), or any error, omission, interruption, loss or delay in transmission or delivery of any draft, notice or other communication under or relating to any Letter of Credit (including any document required to make a drawing thereunder), any error in interpretation of technical terms, any error in translation or any consequence arising from causes beyond the control of the L/C Issuer; *provided* that the foregoing shall not be construed to excuse the L/C Issuer from liability to the Borrower to the extent of any direct damages (as opposed to consequential damages, claims in respect of which are hereby waived by the Borrower to the extent permitted by Applicable Law) suffered by the Borrower that are caused by the L/C Issuer's failure to exercise care when determining whether drafts and other documents presented under a Letter of Credit comply with the terms thereof. The parties hereto expressly agree that, in the absence of gross negligence or willful misconduct on the part of the L/C Issuer (as finally determined by a court of competent jurisdiction), the L/C Issuer shall be deemed to have exercised care in each such determination, and that:

(i) the L/C Issuer may replace a purportedly lost, stolen, or destroyed original Letter of Credit or missing amendment thereto with a certified true copy marked as such or waive a requirement for its presentation;

(ii) the L/C Issuer may accept documents that appear on their face to be in substantial compliance with the terms of a Letter of Credit without responsibility for further investigation, regardless of any notice or information to the contrary, and may make payment upon presentation of documents that appear on their face to be in substantial compliance with the terms of such Letter of Credit and without regard to any non-documentary condition in such Letter of Credit;

(iii) the L/C Issuer shall have the right, in its sole discretion, to decline to accept such documents and to make such payment if such documents are not in strict compliance with the terms of such Letter of Credit; and

(iv) this sentence shall establish the standard of care to be exercised by the L/C Issuer when determining whether drafts and other documents presented under a Letter of Credit comply with the terms thereof (and the parties hereto hereby waive, to the extent permitted by Applicable Law, any standard of care inconsistent with the foregoing).

Without limiting the foregoing, none of the Administrative Agent, the Lenders, the L/C Issuer, or any of their Related Parties shall have any liability or responsibility by reason of (A) any presentation that includes forged or fraudulent documents or that is otherwise affected by the fraudulent, bad faith, or illegal conduct of the beneficiary or other Person, (B) the L/C Issuer declining to take-up documents and make payment, (C) against documents that are fraudulent, forged, or for other reasons by which that it is entitled not to honor, (D) following a Borrower's waiver of discrepancies with respect to such documents or request for honor of such documents or (E) the L/C Issuer retaining proceeds of a Letter

of Credit based on an apparently applicable attachment order, blocking regulation, or third-party claim notified to the L/C Issuer.

(j) Applicability of ISP and UCP. Unless otherwise expressly agreed by the L/C Issuer and the Borrower when a Letter of Credit is issued by it (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 UCP shall apply to each commercial Letter of Credit. Notwithstanding the foregoing, the L/C Issuer shall not be responsible to the Borrower for, and the L/C Issuer's rights and remedies against the Borrower shall not be impaired by, any action or inaction of the L/C Issuer required or permitted under any law, order, or practice that is required or permitted to be applied to any Letter of Credit or this Agreement, including the Law or any order of a jurisdiction where the L/C Issuer or the beneficiary is located, the practice stated in the ISP or UCP, as applicable, or in the decisions, opinions, practice statements, or official commentary of the ICC Banking Commission, the Bankers Association for Finance and Trade – International Financial Services Association (BAFT-IFSA), or the Institute of International Banking Law & Practice, whether or not any Letter of Credit chooses such law or practice.

(k) Benefits. 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 (i) 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 (ii) as additionally provided herein with respect to the L/C Issuer.

(l) Letter of Credit Fees. The Borrower shall pay to the Administrative Agent for the account of each Revolving Lender in accordance with its Applicable Revolving Percentage a Letter of Credit fee (the "Letter of Credit Fee") for each Letter of Credit equal to the Applicable Rate *times* the Dollar Equivalent of the daily amount available to be drawn under such Letter of Credit. For purposes of computing the daily amount available to be drawn under any standby 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 payable on the first Business Day following the end of each March, June, September and December, commencing with the first such date to occur after the issuance of such Letter of Credit and accrued through and including the last day of each fiscal quarter in arrears. If there is any change in the Applicable Rate during any quarter, the daily amount available to be drawn under each 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 Revolving Lenders, while any Event of Default exists, all Letter of Credit Fees shall accrue at the Default Rate.

(m) 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 per annum equal to 0.125% per annum *times* the Dollar Equivalent of the maximum stated amount of such Letter of Credit, and payable upon the issuance thereof, on a quarterly basis in arrears. Such fronting fee shall be due and payable no later than the tenth Business Day after the end of each March, June, September and December in 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 Maturity 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, in Dollars, 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.

(n) Disbursement Procedures. The L/C Issuer for any Letter of Credit shall, within the time allowed by Applicable Laws or the specific terms of the Letter of Credit following its receipt thereof, examine all documents purporting to represent a demand for payment under such Letter of Credit. The L/C Issuer shall promptly after such examination notify the Administrative Agent and the Borrower in writing of such demand for payment if the L/C Issuer has made or will make an L/C Disbursement thereunder; *provided* that any failure to give or delay in giving such notice shall not relieve the Borrower of its obligation to reimburse the L/C Issuer and the Lenders with respect to any such L/C Disbursement.

(o) Interim Interest. If the L/C Issuer for any standby Letter of Credit shall make any L/C Disbursement, then, unless the Borrower shall reimburse such L/C Disbursement in full on the date such L/C Disbursement is made, the unpaid amount thereof shall bear interest, for each day from and including the date such L/C Disbursement is made to but excluding the date that the Borrower reimburses such L/C Disbursement, at the rate per annum then applicable to Base Rate Loans; *provided* that if the Borrower fails to reimburse such L/C Disbursement when due pursuant to clause (f) of this Section 2.03, then Section 2.08(b) shall apply. Interest accrued pursuant to this clause (p) shall be for account of the L/C Issuer, except that interest accrued on and after the date of payment by any Lender pursuant to clause (f) of this Section 2.03 to reimburse the L/C Issuer shall be for account of such Lender to the extent of such payment.

(p) Replacement of the L/C Issuer. The L/C Issuer may be replaced at any time by written agreement between the Borrower, the Administrative Agent, the replaced L/C Issuer and the successor L/C Issuer. The Administrative Agent shall notify the Lenders of any such replacement of the L/C Issuer. At the time any such replacement shall become effective, the Borrower shall pay all unpaid fees accrued for the account of the replaced L/C Issuer pursuant to Section 2.03(m). From and after the effective date of any such replacement, (i) the successor L/C Issuer shall have all the rights and obligations of an L/C Issuer under this Agreement with respect to Letters of Credit to be issued by it thereafter and (ii) references herein to the term "L/C Issuer" shall be deemed to include such successor or any previous L/C Issuer, or such successor and all previous L/C Issuer, as the context shall require. After the replacement of the L/C Issuer hereunder, the replaced L/C Issuer shall remain a party hereto and shall continue to have all the rights and obligations of an L/C Issuer under this Agreement with respect to Letters of Credit issued by it prior to such replacement, but shall not be required to issue additional Letters of Credit.

(q) Cash Collateralization.

(i) If any Event of Default shall occur and be continuing, on the Business Day that the Borrower receives notice from the Administrative Agent or the Required Revolving Lenders (or, if the maturity of the Loans has been accelerated, Revolving Lenders with L/C Obligations representing at least 66-2/3% of the total L/C Obligations) demanding the deposit of Cash Collateral pursuant to this clause (q), the Borrower shall immediately deposit into an account established and maintained on the books and records of the Administrative Agent (the "Collateral Account") an amount in cash equal to 105% of the total L/C Obligations as of such date *plus* any accrued and unpaid interest thereon, *provided*

that the obligation to deposit such Cash Collateral shall become effective immediately, and such deposit shall become immediately due and payable, without demand or other notice of any kind, upon the occurrence of any Event of Default with respect to the Borrower described in clause (f) of Section 8.01. Such deposit shall be held by the Administrative Agent as collateral for the payment and performance of the obligations of the Borrower under this Agreement. In addition, and without limiting the foregoing or clause (d) of this Section 2.03, if any L/C Obligations remain outstanding after the expiration date specified in said clause (d), the Borrower shall immediately deposit into the Collateral Account an amount in cash equal to 105% of such L/C Obligations as of such date *plus* any accrued and unpaid interest thereon.

(ii) The Administrative Agent shall have exclusive dominion and control, including the exclusive right of withdrawal, over the Collateral Account. Other than any interest earned on the investment of such deposits, which investments shall be made at the option and sole discretion of the Administrative Agent and at the Borrower's risk and expense, such deposits shall not bear interest. Interest or profits, if any, on such investments shall accumulate in the Collateral Account. Moneys in the Collateral Account shall be applied by the Administrative Agent to reimburse the L/C Issuer for L/C Disbursements for which it has not been reimbursed, together with related fees, costs, and customary processing charges, and, to the extent not so applied, shall be held for the satisfaction of the reimbursement obligations of the Borrower for the L/C Obligations at such time or, if the maturity of the Loans has been accelerated (but subject to the consent of Lenders with L/C Obligations representing 66-2/3% of the total L/C Obligations), be applied to satisfy other obligations of the Borrower under this Agreement. If the Borrower is required to provide an amount of Cash Collateral hereunder as a result of the occurrence of an Event of Default, such amount (to the extent not applied as aforesaid) shall be returned to the Borrower within three (3) Business Days after all Events of Default have been cured or waived.

(r) L/C Issuer Reports to the Administrative Agent. Unless otherwise agreed by the Administrative Agent, the L/C Issuer shall, in addition to its notification obligations set forth elsewhere in this Section 2.03, provide the Administrative Agent a Letter of Credit Report, as set forth below:

(i) reasonably prior to the time that the L/C Issuer issues, amends, renews, increases or extends a Letter of Credit, the date of such issuance, amendment, renewal, increase or extension and the stated amount of the applicable Letters of Credit after giving effect to such issuance, amendment, renewal or extension (and whether the amounts thereof shall have changed);

(ii) on each Business Day on which the L/C Issuer makes a payment pursuant to a Letter of Credit, the date and amount of such payment;

(iii) on any Business Day on which the Borrower fails to reimburse a payment made pursuant to a Letter of Credit required to be reimbursed to the L/C Issuer on such day, the date of such failure and the amount of such payment;

(iv) on any other Business Day, such other information as the Administrative Agent shall reasonably request as to the Letters of Credit issued by the L/C Issuer; and

(v) for so long as any Letter of Credit issued by the L/C Issuer is outstanding, the L/C Issuer shall deliver to the Administrative Agent (A) on the last Business Day of

each calendar month, (B) at all other times a Letter of Credit Report is required to be delivered pursuant to this Agreement, and (C) on each date that (1) an L/C Credit Extension occurs or (2) there is any expiration, cancellation and/or disbursement, in each case, with respect to any such Letter of Credit, a Letter of Credit Report appropriately completed with the information for every outstanding Letter of Credit issued by the L/C Issuer.

(s) 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, indemnify and compensate the L/C Issuer hereunder for any and all drawings under such Letter of Credit as if such Letter of Credit had been issues solely for the account of the Borrower. The Borrower irrevocably waives any and all defenses that might otherwise be available to it as a guarantor or surety of any or all of the obligations of such Subsidiary in respect of 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 benefits from the businesses of such Subsidiaries.

(t) 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.

2.04 Swingline Loans

(a) The Swingline. Subject to the terms and conditions set forth herein, the Swingline Lender, in reliance upon the agreements of the other Lenders set forth in this Section 2.04, may in its sole discretion make loans to the Borrower (each such loan, a "Swingline Loan"). Each such Swingline Loan may be made, subject to the terms and conditions set forth herein, to the Borrower, in Dollars, 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 Swingline Sublimit; *provided, however*, that (i) after giving effect to any Swingline Loan, (A) the Total Revolving Outstandings shall not exceed the Revolving Facility at such time, (B) the Revolving Exposure of any Revolving Lender at such time shall not exceed such Lender's Revolving Commitment and (C) the aggregate amount of all Swingline Loans outstanding shall not exceed the Swingline Commitment of the Swingline Lender, (ii) the Borrower shall not use the proceeds of any Swingline Loan to refinance any outstanding Swingline Loan, and (iii) the Swingline Lender shall not be under any obligation to make any Swingline Loan if it shall determine (which determination shall be conclusive and binding absent manifest error) that it has, or by such Credit Extension may have, Fronting Exposure. Within the foregoing limits, and subject to the other terms and conditions hereof, the Borrower may borrow under this Section 2.04, prepay under Section 2.05, and reborrow under this Section 2.04. Each Swingline Loan shall bear interest only at a rate based on the Base Rate plus the Applicable Rate. Immediately upon the making of a Swingline Loan, each Revolving Lender shall be deemed to, and hereby irrevocably and unconditionally agrees to, purchase from the Swingline Lender a risk participation in such Swingline Loan in an amount equal to the product of such Revolving Lender's Applicable Revolving Percentage times the amount of such Swingline Loan.

(b) Borrowing Procedures. Each Swingline Borrowing shall be made upon the Borrower's irrevocable notice to the Swingline Lender and the Administrative Agent, which may be given by: (ii) telephone or (iii) a Swingline Loan Notice; *provided* that any telephonic notice must be confirmed immediately by delivery to the Swingline Lender and the Administrative Agent of a Swingline Loan Notice. Each such Swingline Loan Notice must be received by the Swingline Lender and the Administrative Agent not later than 1:00 p.m. on the requested borrowing date, and shall specify (A) the amount to be borrowed, which shall be a minimum of \$100,000, and (B) the

requested date of the Borrowing (which shall be a Business Day). Promptly after receipt by the Swingline Lender of any Swingline Loan Notice, the Swingline Lender will confirm with the Administrative Agent (by telephone or in writing) that the Administrative Agent has also received such Swingline Loan Notice and, if not, the Swingline Lender will notify the Administrative Agent (by telephone or in writing) of the contents thereof. Unless the Swingline Lender has received notice (by telephone or in writing) from the Administrative Agent (including at the request of any Revolving Lender) prior to 2:00 p.m. on the date of the proposed Swingline Borrowing (1) directing the Swingline Lender not to make such Swingline Loan as a result of the limitations set forth in the first proviso to the first sentence of Section 2.04(a), or (2) 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 Swingline Lender may, make the amount of its Swingline Loan available to the Borrower at its office by crediting the account of the Borrower on the books of the Swingline Lender in Same Day Funds.

(c) Refinancing of Swingline Loans.

(i) The Swingline Lender at any time in its sole discretion may request, on behalf of the Borrower (which hereby irrevocably authorizes the Swingline Lender to so request on its behalf), that each Revolving Lender make a Base Rate Loan in an amount equal to such Lender's Applicable Revolving Percentage of the amount of Swingline Loans then outstanding. Such request shall be made in writing (which written request shall be deemed to be a Loan Notice for purposes hereof) and in accordance with the requirements of Section 2.02, 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 Revolving Facility and the conditions set forth in Section 4.02. The Swingline Lender shall furnish the Borrower with a copy of the applicable Loan Notice promptly after delivering such notice to the Administrative Agent. Each Revolving Lender shall make an amount equal to its Applicable Revolving Percentage of the amount specified in such Loan Notice available to the Administrative Agent in Same Day Funds (and the Administrative Agent may apply Cash Collateral available with respect to the applicable Swingline Loan) for the account of the Swingline Lender at the Administrative Agent's Office for Dollar-denominated payments not later than 1:00 p.m. on the day specified in such Loan Notice, whereupon, subject to Section 2.04(c)(ii), each Revolving Lender that so makes funds available shall be deemed to have made a Base Rate Loan to the Borrower in such amount. The Administrative Agent shall remit the funds so received to the Swingline Lender.

(ii) Notwithstanding anything to the contrary in the foregoing, if for any reason any Swingline Loan cannot be refinanced by such a Revolving Borrowing in accordance with Section 2.04(c)(i) (including, without limitation, the failure to satisfy the conditions set forth in Section 4.02), the request for Base Rate Loans submitted by the Swingline Lender as set forth herein shall be deemed to be a request by the Swingline Lender that each of the Revolving Lenders fund its risk participation in the relevant Swingline Loan and each Revolving Lender's payment to the Administrative Agent for the account of the Swingline Lender pursuant to Section 2.04(c)(i) shall be deemed payment in respect of such participation.

(iii) If any Revolving Lender fails to make available to the Administrative Agent for the account of the Swingline Lender any amount required to be paid by such Lender pursuant to the foregoing provisions of this Section 2.04(c) by the time specified in Section 2.04(c)(i), the Swingline 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 Swingline Lender at a rate per annum equal to the applicable Overnight Rate from time to time in effect, *plus* any administrative, processing or similar fees customarily charged by the Swingline 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 Revolving Loan included in the relevant Revolving Borrowing or funded participation in the relevant Swingline Loan, as the case may be. A certificate of the Swingline Lender submitted to any Lender (through the Administrative Agent) with respect to any amounts owing under this clause (c)(iii) shall be conclusive absent manifest error.

(iv) Each Revolving Lender's obligation to make Revolving Loans or to purchase and fund risk participations in Swingline Loans pursuant to this Section 2.04(c) shall be absolute and unconditional and shall not be affected by any circumstance, including (A) any setoff, counterclaim, recoupment, defense or other right which such Lender may have against the Swingline 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 Revolving Lender's obligation to make Revolving 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 Loan Notice). No such funding of risk participations shall relieve or otherwise impair the obligation of the Borrower to repay Swingline Loans, together with interest as provided herein.

(d) Repayment of Participations.

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

(ii) If any payment received by the Swingline Lender in respect of principal or interest on any Swingline Loan is required to be returned by the Swingline Lender under any of the circumstances described in Section 11.05 (including pursuant to any settlement entered into by the Swingline Lender in its discretion), each Revolving Lender shall pay to the Swingline Lender its Applicable Revolving 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 applicable Overnight Rate. The Administrative Agent will make such demand upon the request of the Swingline 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 Swingline Lender. The Swingline Lender shall be responsible for invoicing the Borrower for interest on the Swingline Loans. Until each Revolving Lender funds its Base Rate Loan or risk participation pursuant to this Section 2.04 to refinance such Revolving Lender's Applicable Revolving Percentage of any Swingline Loan, interest in respect of such Applicable Revolving Percentage shall be solely for the account of the Swingline Lender.

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

2.05 Prepayments.

(a) Optional.

(i) The Borrower may, upon notice to the Administrative Agent pursuant to delivery to the Administrative Agent of a Notice of Loan Prepayment, at any time or from time to time voluntarily prepay Revolving Loans in whole or in part without premium or penalty subject to Section 3.05; *provided* that, unless otherwise agreed by the Administrative Agent, (A) such notice must be received by the Administrative Agent not later than 11:00 a.m. (1) three (3) Business Days prior to any date of prepayment of Eurocurrency Rate Loans denominated in Dollars, (2) four (4) Business Days (or five (5), in the case of prepayment of Loans denominated in Special Notice Currencies) prior to any date of prepayment of Eurocurrency Rate Loans denominated in Alternative Currencies, and (3) on the date of prepayment of Base Rate Loans; (B) any prepayment of Eurocurrency Rate Loans denominated in Dollars shall be in a principal amount of \$2,500,000 or a whole multiple of \$500,000 in excess thereof; (C) any prepayment of Eurocurrency Rate Loans denominated in Alternative Currencies shall be in a minimum principal amount of \$2,500,000 or a whole multiple of \$500,000 in excess thereof; and (D) any prepayment of Base Rate 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, the currency and amount of such prepayment and the Type(s) of Loans to be prepaid and, if Eurocurrency Rate 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 ratable portion of such prepayment (based on such Lender's Applicable Percentage in respect of the relevant Facility). 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 Eurocurrency Rate 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 2.15, such prepayments shall be paid to the Lenders in accordance with their respective Applicable Percentages in respect of each of the relevant Facilities.

(ii) The Borrower may, upon notice to the Swingline Lender pursuant to delivery to the Swingline Lender of a Notice of Loan Prepayment (with a copy to the Administrative Agent), at any time or from time to time, voluntarily prepay Swingline Loans in whole or in part without premium or penalty; *provided* that, unless otherwise agreed by the Swingline Lender, (A) such notice must be received by the Swingline Lender and the Administrative Agent not later than 1:00 p.m. on the date of the prepayment, and (B) any such prepayment shall be in a minimum principal amount of \$100,000 or a whole multiple of \$100,000 in excess hereof (or, if less, the entire principal thereof then outstanding). 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.

(b) Mandatory.

(i) Revolving Outstandings. If for any reason the Total Revolving Outstandings at any time exceed the Revolving Facility at such time, the Borrower shall immediately prepay Revolving Loans, Swingline Loans and L/C Borrowings 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 2.05(b) unless, after the prepayment of the Revolving Loans and Swingline Loans, the Total Revolving Outstandings exceed the Revolving Facility at such time.

(ii) Application of Other Payments. Except as otherwise provided in Section 2.15, prepayments of the Revolving Facility made pursuant to this Section 2.05(b), *first*, shall be applied ratably to the L/C Borrowings and the Swingline Loans, *second*, shall be applied to the outstanding Revolving Loans, and, *third*, shall be used to Cash Collateralize the remaining L/C Obligations; and, in the case of prepayments of the Revolving Facility required pursuant to clauses (i), (ii), (iii) or (iv) of this Section 2.05(b), the amount remaining, if any, after the prepayment in full of all L/C Borrowings, Swingline Loans and Revolving Loans outstanding at such time and the Cash Collateralization of the remaining L/C Obligations in full (the sum of such prepayment amounts, Cash Collateralization amounts and remaining amount being, collectively, the “*Reduction Amount*”) may be retained by the Borrower for use in the ordinary course of its business, and the Revolving Facility shall be automatically and permanently reduced by the Reduction Amount as set forth in Section 2.06(b)(ii). Upon the drawing of any Letter of Credit that has been Cash Collateralized, the funds held as Cash Collateral shall be applied (without any further action by or notice to or from the Borrower or any other Loan Party or any Defaulting Lender that has provided Cash Collateral) to reimburse the L/C Issuer or the Revolving Lenders, as applicable.

(iii) Alternative Currencies. If the Administrative Agent notifies the Company at any time that the Outstanding Amount of all Loans and L/C Obligations denominated in Alternative Currencies at such time exceeds an amount equal to 105% of the Alternative Currency Sublimit then in effect, then, within two (2) Business Days after receipt of such notice, the Borrowers shall prepay Loans and/or Cash Collateralize Letters of Credit in an aggregate amount sufficient to reduce such Outstanding Amount as of such date of payment to an amount not to exceed 100% of the Alternative Currency Sublimit then in effect.

Within the parameters of the applications set forth above, prepayments pursuant to this Section 2.05(b) shall be applied first to Base Rate Loans and then to Eurocurrency Rate Loans in direct order of Interest Period maturities. All prepayments under this Section 2.05(b) shall be subject to Section 3.05, but otherwise without premium or penalty, and shall be accompanied by interest on the principal amount prepaid through the date of prepayment.

2.06 Termination or Reduction of Commitments.

(a) Optional. The Borrower may, upon notice to the Administrative Agent, terminate the Revolving Facility, the Letter of Credit Sublimit or the Swingline Sublimit, or from time to time permanently reduce the Revolving Facility, the Letter of Credit Sublimit or the Swingline Sublimit; *provided* that (i) any such notice shall be received by the Administrative Agent not later than 11:00 a.m. five (5) Business Days prior to the date of termination or reduction, (ii) any such partial reduction shall be in an aggregate amount of \$10,000,000 or any whole multiple of \$1,000,000 in excess thereof and (iii) the Borrower shall not terminate or reduce (A) the Revolving Facility if, after giving effect thereto and to any concurrent prepayments hereunder, the Total Revolving

Outstandings would exceed the Revolving Facility, (B) the Letter of Credit Sublimit if, after giving effect thereto, the Outstanding Amount of L/C Obligations not fully Cash Collateralized hereunder would exceed the Letter of Credit Sublimit, or (C) the Swingline Sublimit if, after giving effect thereto and to any concurrent prepayments hereunder, the Outstanding Amount of Swingline Loans would exceed the Letter of Credit Sublimit.

(b) Application of Commitment Reductions; Payment of Fees.

The Administrative Agent will promptly notify the Lenders of any termination or reduction of the Letter of Credit Sublimit, Swingline Sublimit, the Alternative Currency Sublimit or the Revolving Commitment under this Section 2.06. The amount of any such reduction of the Revolving Commitments shall not be applied to the Alternative Currency Sublimit unless otherwise specified by the Company. Upon any reduction of the Revolving Commitments, the Revolving Commitment of each Revolving Lender shall be reduced by such Lender's Applicable Revolving Percentage of such Reduction Amount. All fees in respect of the Revolving Facility accrued until the effective date of any termination of the Revolving Facility shall be paid on the effective date of such termination.

2.07 Repayment of Loans.

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

(b) Swingline Loans. The Borrower shall repay each Swingline Loan on the earlier to occur of (i) the date ten (10) Business Days after such Loan is made and (ii) the Maturity Date for the Revolving Facility.

2.08 Interest and Default Rate.

(a) Interest. Subject to the provisions of Section 2.08(b), (i) each Eurocurrency Rate Loan under a Facility shall bear interest on the outstanding principal amount thereof for each Interest Period from the applicable Borrowing date at a rate per annum equal to the Eurocurrency Rate for such Interest Period plus the Applicable Rate for such Facility; (ii) each Base Rate Loan under a Facility shall bear interest on the outstanding principal amount thereof from the applicable Borrowing date at a rate per annum equal to the Base Rate plus the Applicable Rate for such Facility; and (iii) each Swingline Loan shall bear interest on the outstanding principal amount thereof from the applicable Borrowing date at a rate per annum equal to the Base Rate plus the Applicable Rate for the Revolving Facility. To the extent that any calculation of interest or any fee required to be paid under this Agreement shall be based on (or result in) a calculation that is less than zero, such calculation shall be deemed zero for purposes of this Agreement.

(b) Default Rate.

(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 (including a payment default), all outstanding Obligations (including Letter of Credit Fees) may accrue 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) shall be due and payable upon demand.

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

(d) Interest Act (Canada). For the purposes of the Interest Act (Canada), (i) whenever a rate of interest or fee rate hereunder is calculated on the basis of a year (the “deemed year”) that contains fewer days than the actual number of days in the calendar year of calculation, such rate of interest or fee rate shall be expressed as a yearly rate by *multiplying* such rate of interest or fee rate by the actual number of days in the calendar year of calculation and *dividing* it by the number of days in the deemed year, (ii) the principle of deemed reinvestment of interest shall not apply to any interest calculation hereunder and (iii) the rates of interest stipulated herein are intended to be nominal rates and not effective rates or yields.

2.09 Fees.

In addition to certain fees described in clauses (l), (m) and (o) of Section 2.03:

(a) Commitment Fee. The Borrower shall pay to the Administrative Agent for the account of each Revolving Lender in accordance with its Applicable Revolving Percentage, a commitment fee in Dollars equal to the Applicable Rate *times* the actual daily amount by which the Revolving Facility exceeds the *sum of* (i) the Outstanding Amount of Revolving Loans and (ii) the Outstanding Amount of L/C Obligations, subject to adjustment as provided in Section 2.15. For the avoidance of doubt, the Outstanding Amount of Swingline Loans shall not be counted towards or considered usage of the Revolving Facility for purposes of determining the commitment fee. 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 March, June, September and December, commencing with the first such date to occur after the Closing Date, and on the last day of the Availability Period for the Revolving Facility. 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 Administrative Agent for its own account, in Dollars, 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, in Dollars, 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.

2.10 Computation of Interest and Fees; Retroactive Adjustments of Applicable Rate.

(a) Computation of Interest and Fees. All computations of interest for Base Rate Loans (including Base Rate Loans determined by reference to the Eurocurrency Rate) 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 three hundred sixty (360) day year and actual days elapsed (which results in more fees or interest, as applicable, being paid than if computed on the basis of a 365-day year), or, in the case of interest in respect of Loans denominated in Alternative Currencies as to which market practice differs from the foregoing, in accordance with such market practice. Interest shall accrue on each Loan for the day on which the Loan is made, and shall not accrue on a Loan, or any portion thereof, for the day on which the Loan or such portion is paid, provided that any Loan that is repaid on the same day on which it is made shall, subject to Section 2.12(a), bear interest for one (1) day. Each determination by the Administrative Agent of an interest rate or fee hereunder shall be conclusive and binding for all purposes, absent manifest error.

(b) Financial Statement Adjustments or Restatements. If, as a result of any restatement of or other adjustment to the financial statements of the Borrower and its Subsidiaries or for any other reason, the Borrower, or the Lenders determine that (i) the Consolidated Leverage Ratio as calculated by the Borrower as of any applicable date was inaccurate and (ii) a proper calculation of the Consolidated Leverage 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 clause (b) shall not limit the rights of the Administrative Agent, any Lender or the L/C Issuer, as the case may be, under any provision of this Agreement to payment of any Obligations hereunder at the Default Rate or under Article VIII. The Borrower's obligations under this clause (b) shall survive the termination of the Aggregate Commitments and the repayment of all other Obligations hereunder.

2.11 Evidence of Debt.

(a) Maintenance of Accounts. The Credit Extensions made by each Lender shall be evidenced by one or more accounts or records maintained by such Lender in the ordinary course of business. The Administrative Agent shall maintain the Register in accordance with Section 11.06(c). The accounts or records maintained by 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 Register, the Register 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, currency and maturity of its Loans and payments with respect thereto.

(b) Maintenance of Records. In addition to the accounts and records referred to in Section 2.11(a), each Lender and the Administrative Agent shall maintain in accordance with its usual practice accounts or records evidencing the purchases and sales by such Lender of participations in Letters of Credit and Swingline 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.

2.12 Payments Generally; Administrative Agent's Clawback.

(a) General. All payments to be made by the Borrower shall be made free and clear of and without condition or deduction for any counterclaim, defense, recoupment or setoff. Except as otherwise expressly provided herein and except with respect to principal of and interest on Loans denominated in an Alternative Currency, 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 Same Day Funds not later than 2:00 p.m. on the date specified herein. Except as otherwise expressly provided herein, all payments by the Borrowers hereunder with respect to principal and interest on Loans denominated in an Alternative Currency shall be made to the Administrative Agent, for the account of the respective Lenders to which such payment is owed, at the applicable Administrative Agent's Office in such Alternative Currency and in Same Day Funds not later than the Applicable Time specified by the Administrative Agent on the dates specified herein. Without limiting the generality of the foregoing, the Administrative Agent may require that any payments due under this Agreement be made in the United States. If, for any reason, any Borrower is prohibited by any Law from making any required payment hereunder in an Alternative Currency, such Borrower shall make such payment in Dollars in the Dollar Equivalent of the Alternative Currency payment amount. The Administrative Agent will promptly distribute to each Lender its Applicable Percentage in respect of the relevant Facility (or other applicable share as provided herein) of such payment in like funds as received by wire transfer to such Lender's Lending Office. All payments received by the Administrative Agent (i) after 2:00 p.m., in the case of payments in Dollars, or (ii) after the Applicable Time specified by the Administrative Agent, in the case of payments in an Alternative Currency, shall in each case be deemed received on the next succeeding Business Day and any applicable interest or fee shall continue to accrue. Subject to Section 2.07(a) and as otherwise specifically provided for in this Agreement, 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 Borrowing of Eurocurrency Rate Loans (or, in the case of any Borrowing of Base Rate Loans, prior to 12:00 noon on the date of such Borrowing) that such Lender will not make available to the Administrative Agent such Lender's share of such 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 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 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 Same Day 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 Overnight Rate, *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 or in the case of Alternative Currencies in accordance with such market practice, in each case, as applicable. 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 Borrowing to the Administrative Agent, then the amount so paid shall constitute such Lender's Loan included in such 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.

(ii) 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 Appropriate 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 Appropriate 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 Same Day 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 Overnight Rate.

A notice of the Administrative Agent to any Lender or the Borrower with respect to any amount owing under this clause (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 Revolving Loans, to fund participations in Letters of Credit and Swingline Loans and to make payments pursuant to Section 11.04(c) are several and not joint. The failure of any Lender to make any Loan, to fund any such participation or to make any payment under Section 11.04(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 Loan, to purchase its participation or to make its payment under Section 11.04(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.

(f) Pro Rata Treatment. Except to the extent otherwise provided herein: (i) each Borrowing (other than Swingline Borrowings) shall be made from the Appropriate Lenders, each payment of fees under Section 2.09 and clauses (l), (m) and (o) of Section 2.03 shall be made for account of the Appropriate Lenders, and each termination or reduction of the amount of the Commitments shall be applied to the respective Commitments of the Lenders, *pro rata* according to the amounts of their respective Commitments; (ii) each Borrowing shall be allocated *pro rata* among the Lenders according to the amounts of their respective Commitments (in the case of the making of Revolving Loans) or their respective Loans that are to be included in such Borrowing (in the case of conversions and continuations of Loans); (iii) each payment or prepayment of principal of Loans by the Borrower shall be made for account of the Appropriate Lenders *pro rata* in accordance with the respective unpaid principal amounts of the Loans held by them; and (iv) each payment of interest on Loans by the Borrower shall be made for account of the Appropriate Lenders *pro rata* in accordance with the amounts of interest on such Loans then due and payable to the respective Appropriate Lenders.

2.13 Sharing of Payments by Lenders

If any Lender shall, by exercising any right of setoff or counterclaim or otherwise, obtain payment in respect of (a) Obligations in respect of any of the Facilities due and payable to such Lender hereunder and under the other Loan Documents at such time in excess of its ratable share (according to the proportion of (i) the amount of such Obligations due and payable to such Lender at such time to (ii) the aggregate amount of the Obligations in respect of the Facilities due and payable to all Lenders hereunder and under the other Loan Documents at such time) of payments on account of the Obligations in respect of the Facilities due and payable to all Lenders hereunder and under the other Loan Documents at such time obtained by all the Lenders at such time or (b) Obligations in respect of any of the Facilities owing (but not due and payable) to such Lender hereunder and under the other Loan Documents at such time in excess of its ratable share (according to the proportion of (i) the amount of such Obligations owing (but not due and payable) to such Lender at such time to (ii) the aggregate amount of the Obligations in respect of the Facilities owing (but not due and payable) to all Lenders hereunder and under the other Loan Documents at such time) of payments on account of the Obligations in respect of the Facilities owing (but not due and payable) to all Lenders hereunder and under the other Loan Documents at such time obtained by all of the Lenders at such time, then, in each case under clauses (a) and (b) above, 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 Loans and sub-participations in L/C Obligations and Swingline 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 Obligations in respect of the Facilities then due and payable to the Lenders or owing (but not due and payable) to the Lenders, as the case may be, *provided that*:

(i) if any such participations or sub-participations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations or sub-participations shall be rescinded and the purchase price restored to the extent of such recovery, without interest; and

(ii) the provisions of this Section 2.13 shall not be construed to apply to (A) 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), (B) the application of Cash Collateral provided for in Section 2.14, or (C) any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Loans or sub-participations in L/C Obligations or Swingline Loans to any assignee or participant, other than an assignment to any Loan Party or any Affiliate thereof (as to which the provisions of this Section 2.13 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.

2.14 Cash Collateral.

(a) Obligation to Cash Collateralize. At any time there shall exist a Defaulting Lender, within one Business Day following the written request of the Administrative Agent or the L/C Issuer (with a copy to the Administrative Agent), the Borrower shall Cash Collateralize the L/C Issuer's Fronting Exposure with respect to such Defaulting Lender (determined after giving effect to Section 2.15(a)(iv) and any Cash Collateral provided by such Defaulting Lender) in an amount not less than the Minimum Collateral Amount. Additionally, if the Administrative Agent notifies the Company at any time that the Outstanding Amount of all L/C Obligations at such time exceeds 105% of the Letter of Credit Sublimit then in effect, then within two (2) Business Days after receipt of such notice, the Company shall provide Cash Collateral for the Outstanding Amount of the L/C Obligations in an amount not less than the amount by which the Outstanding Amount of all L/C Obligations exceeds the Letter of Credit Sublimit.

(b) Grant of Security Interest. The Borrower, and to the extent provided by any Defaulting Lender, such Defaulting 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, 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 2.14(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 or the L/C Issuer as herein provided, or that the total amount of such Cash Collateral is less than the Minimum Collateral Amount, the Borrower 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 (determined in the case of Cash Collateral provided pursuant to Section 2.15(a)(v), after giving effect to Section 2.15(a)(v) and any Cash Collateral provided by the Defaulting Lender). All Cash Collateral (other than credit support not constituting funds subject to deposit) shall be maintained in blocked, non-interest bearing deposit accounts at Bank of America. The Borrower shall pay on demand therefor from time to time all customary account opening, activity and other administrative fees and charges in connection with the maintenance and disbursement of Cash Collateral.

(c) Application. Notwithstanding anything to the contrary contained in this Agreement, Cash Collateral provided under any of this Section 2.14 or Sections 2.03, 2.05, 2.15 or 8.02 in respect of Letters of Credit shall be held and applied to the satisfaction of the specific L/C Obligations, obligations to fund participations therein (including, as to Cash Collateral provided by

a Revolving Lender that is 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 to secure 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 Revolving Lender (or, as appropriate, its assignee following compliance with Section 11.06(b)(vi))) or (ii) the determination by the Administrative Agent and the L/C Issuer that there exists excess Cash Collateral; *provided, however*, (A) any such release shall be without prejudice to, and any disbursement or other transfer of Cash Collateral shall be and remain subject to, any other Lien conferred under the Loan Documents and the other applicable provisions of the Loan Documents, and (B) the Person providing Cash Collateral and the L/C Issuer may agree that Cash Collateral shall not be released but instead held to support future anticipated Fronting Exposure or other obligations.

2.15 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. Such 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 the definition of "Required Lenders" and Section 11.01.

(ii) Defaulting Lender Waterfall. Any payment of principal, interest, fees or other amounts received by the Administrative Agent for the account of such Defaulting Lender (whether voluntary or mandatory, at maturity, pursuant to Article VIII or otherwise) or received by the Administrative Agent from a Defaulting Lender pursuant to Section 11.08 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 such Defaulting Lender to the Administrative Agent hereunder; *second*, to the payment on a pro rata basis of any amounts owing by such Defaulting Lender to the L/C Issuer or the Swingline Lender hereunder; *third*, to Cash Collateralize the L/C Issuer's Fronting Exposure with respect to such Defaulting Lender in accordance with Section 2.14; *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 such 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 deposit account and released *pro rata* in order to (A) satisfy such Defaulting Lender's potential future funding obligations with respect to Loans under this Agreement and (B) Cash Collateralize the L/C Issuer's future Fronting Exposure with respect to such Defaulting Lender with respect to future Letters of Credit issued under this Agreement, in accordance with Section 2.14; *sixth*, to the payment of any amounts owing to the Lenders, the L/C Issuer or Swingline Lender as a result of any judgment of a court of competent jurisdiction obtained by any Lender, the L/C Issuer or the Swingline Lender against such Defaulting Lender as a result of such 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 such Defaulting Lender as a result of such Defaulting Lender's breach of

its obligations under this Agreement; and *eighth*, to such Defaulting Lender or as otherwise as may be required under the Loan Documents in connection with any Lien conferred thereunder or 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 such Defaulting Lender has not fully funded its appropriate share, and (y) such Loans were made or the related Letters of Credit were issued 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 Obligations 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 Obligations owed to, such Defaulting Lender until such time as all Loans and funded and unfunded participations in L/C Obligations and Swingline Loans are held by the Lenders *pro rata* in accordance with the Commitments hereunder without giving effect to Section 2.15(a)(v). 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 2.15(a)(ii) shall be deemed paid to and redirected by such Defaulting Lender, and each Lender irrevocably consents hereto.

(iii) Certain Fees.

(A) Fees. No Defaulting Lender shall be entitled to receive any fee payable under Section 2.09(a) for any period during which that Lender is a Defaulting Lender (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).

(B) Letter of Credit Fees. Each Defaulting Lender shall be entitled to receive Letter of Credit Fees for any period during which that Lender is a Defaulting Lender only to the extent allocable to its Applicable Revolving Percentage of the stated amount of Letters of Credit for which it has provided Cash Collateral pursuant to Section 2.14.

(C) Defaulting Lender Fees. With respect to any fee payable under Section 2.09 or any Letter of Credit Fee not required to be paid to any Defaulting Lender pursuant to clause (A) or (B) above, the Borrower shall (1) pay to each Non-Defaulting Lender that portion of any such fee otherwise payable to such Defaulting Lender with respect to such Defaulting Lender's participation in L/C Obligations that has been reallocated to such Non-Defaulting Lender pursuant to clause (iv) below, (2) pay to the L/C Issuer the amount of any such fee otherwise payable to such Defaulting Lender to the extent allocable to the L/C Issuer's Fronting Exposure to such Defaulting Lender, and (3) not be required to pay the remaining amount of any such fee.

(iv) Reallocation of Applicable Revolving Percentages to Reduce Fronting Exposure. All or any part of such Defaulting Lender's participation in L/C Obligations and Swingline Loans shall be reallocated among the Non-Defaulting Lenders in accordance with their respective Applicable Revolving Percentages (calculated without regard to such Defaulting Lender's Commitment) but only to the extent that such reallocation does not cause the aggregate Revolving Exposure of any Non-Defaulting Lender to exceed such Non-Defaulting Lender's Revolving Commitment. Subject to Section 11.20, no reallocation hereunder shall constitute a waiver or release of any claim of any party hereunder against a Defaulting Lender arising from that Lender having become a Defaulting Lender, including

any claim of a Non-Defaulting Lender as a result of such Non-Defaulting Lender's increased exposure following such reallocation.

(v) Cash Collateral, Repayment of Swingline Loans. If the reallocation described in clause (a)(v) above cannot, or can only partially, be effected, the Borrower shall, without prejudice to any right or remedy available to it hereunder or under Applicable Law, (A) *first*, prepay Swingline Loans in an amount equal to the Swingline Lender's Fronting Exposure and (B) *second*, Cash Collateralize the L/C Issuer's Fronting Exposure in accordance with the procedures set forth in Section 2.14.

(b) Defaulting Lender Cure. If the Borrower, the Administrative Agent, the Swingline Lender and the L/C Issuer agree in writing that a Lender is no longer 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 at par 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 Loans and funded and unfunded participations in Letters of Credit and Swingline Loans to be held pro rata by the Lenders in accordance with their Revolving Commitments (without giving effect to Section 2.15(a)(iv)), whereupon such 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.

(c) New Swingline Loans/Letters of Credit. So long as any Revolving Lender is a Defaulting Lender, (i) the Swingline Lender shall not be required to fund any Swingline Loans unless it is satisfied that it will have no Fronting Exposure after giving effect to such Swingline Loan and (ii) the L/C Issuer shall not be required to issue, extend, increase, reinstate or renew any letter of Credit unless it is satisfied that it will have no Fronting Exposure after giving effect thereto.

2.16 Designated Borrowers.

(a) Designated Borrowers. The Borrower may at any time, upon not less than fifteen (15) Business Days' notice from the Borrower to the Administrative Agent (or such shorter period as may be agreed by the Administrative Agent in its sole discretion), request to designate any Material Subsidiary of the Borrower (an "Applicant Borrower") as a Designated Borrower to receive Loans hereunder by delivering to the Administrative Agent (which shall promptly deliver counterparts thereof to each Lender) a duly executed notice and agreement in substantially the form of Exhibit Q (a "Designated Borrower Request and Assumption Agreement"). The parties hereto acknowledge and agree that prior to any Applicant Borrower becoming entitled to utilize the credit facilities provided for herein (i) the Administrative Agent and the Lenders that are to provide Commitments and/or Loans in favor of an Applicant Borrower must each agree to such Applicant Borrower becoming a Designated Borrower and (ii) the Administrative Agent and such Lenders shall have received such supporting resolutions, incumbency certificates, opinions of counsel and other documents or information, in form, content and scope reasonably satisfactory to the Administrative Agent, as may be required by the Administrative Agent, and Notes signed by such new Borrowers to the extent any Lender so requires (the requirements in clauses (i) and (ii) hereof, the "Designated Borrower Requirements"). If the Designated Borrower Requirements are met, the Administrative Agent shall send a notice in substantially the form of Exhibit R (a "Designated

Borrower Notice”) to the Borrower and the Lenders specifying the effective date upon which the Applicant Borrower shall constitute a Designated Borrower for purposes hereof, whereupon each of the Lenders agrees to permit such Designated Borrower to receive Loans hereunder, on the terms and conditions set forth herein, and each of the parties agrees that such Designated Borrower otherwise shall be a Borrower for all purposes of this Agreement; *provided* that no Loan Notice or Letter of Credit Application may be submitted by or on behalf of such Designated Borrower until the date five (5) Business Days after such effective date.

(b) Obligations. Except as specifically provided herein, the Secured Obligations of the Borrower and each of the Borrowers shall be joint and several in nature (unless such joint and several liability (i) shall result in adverse tax consequences to any such Designated Borrower or (ii) is not permitted by any Law applicable to such Designated Borrower, in which either such case, the liability of such Designated Borrower shall be several in nature) regardless of which such Person actually receives Credit Extensions hereunder or the amount of such Credit Extensions received or the manner in which the Administrative Agent, the L/C Issuer or any Lender accounts for such Credit Extensions on its books and records. Notwithstanding anything contained to the contrary herein or in any Loan Document (including any Designated Borrower Request and Assumption Agreement), (i) no Designated Borrower that is a Foreign Subsidiary shall be obligated with respect to any Secured Obligations of the Borrower or of any Domestic Subsidiary, (ii) the Secured Obligations owed by a Designated Borrower that is a Foreign Subsidiary shall be several and not joint with the Secured Obligations of the Borrower or of any Designated Borrower that is a Domestic Subsidiary and (iii) no Designated Borrower that is a Foreign Subsidiary shall be obligated as a Guarantor under Article X with respect to the Secured Obligations of the Borrower or any Domestic Subsidiary.

(c) Appointment. Each Subsidiary of the Borrower that is or becomes a “Designated Borrower” pursuant to this Section 2.16 hereby irrevocably appoints the Borrower to act as its agent for all purposes of this Agreement and the other Loan Documents and agrees that (i) the Borrower may execute such documents on behalf of such Designated Borrower as the Borrower deems appropriate in its sole discretion and each Designated Borrower shall be obligated by all of the terms of any such document executed on its behalf, (ii) any notice or communication delivered by the Administrative Agent or the Lender to the Borrower shall be deemed delivered to each Designated Borrower and (iii) the Administrative Agent or the Lenders may accept, and be permitted to rely on, any document, instrument or agreement executed by the Borrower on behalf of each of the Loan Parties.

2.17 Designated Lenders.

Each of the Administrative Agent, the L/C Issuer, the Swingline Lender and each Lender at its option may make any Credit Extension or otherwise perform its obligations hereunder through any Lending Office (each, a “*Designated Lender*”); *provided* that any exercise of such option shall not affect the obligation of such Borrower to repay any Credit Extension in accordance with the terms of this Agreement. Any Designated Lender shall be considered a Lender; *provided* that designation of a Designated Lender is for administrative convenience only and does not expand the scope of liabilities or obligations of any Lender or Designated Lender beyond those of the Lender designating such Person as a Designated Lender as provided in this Agreement.

2.18 Increase in Revolving Facility.

(a) Request for Increase. Provided there exists no Default, upon notice to the Administrative Agent (which shall promptly notify the Revolving Lenders), the Borrower may from

time to time, request an increase in the Revolving Facility by an amount (for all such requests) not exceeding \$100,000,000.00 (an “Incremental Facility”); *provided* that any such request for an Incremental Facility shall be in a minimum amount of \$25,000,000. At the time of sending such notice, the Borrower (in consultation with the Administrative Agent) shall specify the time period within which each Revolving Lender is requested to respond.

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

(c) Notification by Administrative Agent; Additional Revolving Lenders. The Administrative Agent shall notify the Borrower and each Revolving Lender of the Revolving 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, the L/C Issuer and the Swingline Lender, the Borrower may also invite additional Eligible Assignees to become Revolving Lenders pursuant to a joinder agreement (“New Revolving Lenders”) in form and substance satisfactory to the Administrative Agent and its counsel.

(d) Effective Date and Allocations. If the Revolving Facility is increased in accordance with this Section 2.18, the Administrative Agent and the Borrower shall determine the effective date (the “Revolving Increase Effective Date”) and the final allocation of such increase. The Administrative Agent shall promptly notify the Borrower and the Revolving Lenders and the New Revolving Lenders of the final allocation of such increase and the Revolving Increase Effective Date.

(e) Conditions to Effectiveness of Increase. As a condition precedent to such increase, the Borrower shall deliver to the Administrative Agent a certificate of each Loan Party dated as of the Revolving Increase Effective Date (in sufficient copies for each Lender) signed by a Responsible Officer of such Loan Party (i) certifying and attaching the resolutions adopted by such Loan Party approving or consenting to such increase, and (ii) 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 Revolving Increase Effective Date, and except that for purposes of this Section 2.18, the representations and warranties contained in clauses (a) and (b) of Section 5.05 shall be deemed to refer to the most recent statements furnished pursuant to clauses (a) and (b), respectively, of Section 6.01, and (B) both before and after giving effect to the Incremental Facility, no Default exists. The Borrower shall deliver or cause to be delivered any other customary documents (including, without limitation, legal opinions) as reasonably requested by the Administrative Agent in connection with any Incremental Facility. The Borrower shall prepay any Revolving Loans outstanding on the Revolving Increase Effective Date (and pay any additional amounts required pursuant to Section 3.05) to the extent necessary to keep the outstanding Revolving Loans ratable with any revised Applicable Revolving Percentages arising from any nonratable increase in the Revolving Commitments under this Section 2.18.

(f) Conflicting Provisions. This Section 2.18 shall supersede any provisions in Section 2.13 or 11.01 to the contrary.

(g) Incremental Facility. Except as otherwise specifically set forth herein, all of the other terms and conditions applicable to such Incremental Facility shall be identical to the terms and conditions applicable to the Revolving Facility.

ARTICLE III

TAXES, YIELD PROTECTION AND ILLEGALITY

3.01 Taxes.

(a) Defined Terms. For purposes of this Section 3.01, the term “Applicable Law” includes FATCA and the term “Lender” includes any L/C Issuer.

(b) Payments Free of Taxes; Obligation to Withhold; Payments on Account of Taxes. Any and all payments by or on account of any obligation of any Loan Party under any Loan Document shall be made without deduction or withholding for any Taxes, except as required by Applicable Laws. If any Applicable Laws (as determined in the good faith discretion of an applicable Withholding Agent) require the deduction or withholding of any Tax from any such payment by a Withholding Agent, then the applicable Withholding Agent shall be entitled to make such deduction or withholding and shall timely pay the full amount deducted or withheld to the relevant Governmental Authority in accordance with Applicable Law and, if such Tax is an Indemnified Tax, then the sum payable by the applicable Loan Party 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 3.01) the applicable Recipient receives an amount equal to the sum it would have received had no such withholding or deduction been made.

(c) Payment of Other Taxes by the Loan Parties. The Loan Parties shall timely pay to the relevant Governmental Authority in accordance with Applicable Law, or at the option of the Administrative Agent timely reimburse it for the payment of, any Other Taxes.

(d) Tax Indemnifications.

(i) Each of the Loan Parties shall, and does hereby, jointly and severally indemnify each Recipient, and shall make payment in respect thereof within ten (10) days after demand therefor, for the full amount of any Indemnified Taxes (including Indemnified Taxes imposed or asserted on or attributable to amounts payable under this Section 3.01) payable or paid by such Recipient or required to be withheld or deducted from a payment to such Recipient, and any penalties, interest and reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to the Borrower by a Lender (with a copy to the Administrative Agent), or by the Administrative Agent on its own behalf or on behalf of a Lender, shall be conclusive absent manifest error. Each of the Loan Parties shall also, and does hereby, jointly and severally indemnify the Administrative Agent, and shall make payment in respect thereof within ten (10) days after demand therefor, for any amount

which a Lender for any reason fails to pay indefeasibly to the Administrative Agent as required pursuant to Section 3.01(c)(ii) below.

(ii) Each Lender shall, and does hereby, severally indemnify and shall make payment in respect thereof within ten (10) days after demand therefor, (A) the Administrative Agent against any Indemnified Taxes attributable to such Lender, (B) the Administrative Agent against any Taxes attributable to such Lender's failure to comply with the provisions of Section 11.06(d) relating to the maintenance of a Participant Register and (C) the Administrative Agent, as applicable, against any Excluded Taxes attributable to such Lender, in each case, that are payable or paid by the Administrative Agent or a Loan Party in connection with any Loan Document, and any reasonable expenses arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to any Lender by the Administrative Agent shall be conclusive absent manifest error. Each Lender hereby authorizes the Administrative Agent to set off and apply any and all amounts at any time owing to such Lender under any Loan Document or otherwise payable by the Administrative Agent to the Lender from any other source against any amount due to the Administrative Agent under this clause (d)(ii).

(e) Evidence of Payments. As soon as practicable after any payment of Taxes by any Loan Party to a Governmental Authority, as provided in this Section 3.01, the Borrower shall deliver to the Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of any return reporting such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent.

(f) Status of Lenders; Tax Documentation.

(i) Any Lender that is entitled to an exemption from or reduction of withholding Tax with respect to payments made under any Loan Document shall deliver to the Borrower and the Administrative Agent, at the time or times reasonably requested by the Borrower or the Administrative Agent, such properly completed and executed documentation reasonably requested by the Borrower or the Administrative Agent as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, if reasonably requested by the Borrower or the Administrative Agent, shall deliver such other documentation prescribed by Applicable Law or reasonably requested by the Borrower or the Administrative Agent as will enable the Borrower or the Administrative Agent to determine whether or not such Lender is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation (other than such documentation set forth in Section 3.01(e)(ii)(A), (ii)(B) and (ii)(D) below) shall not be required if in the Lender's reasonable judgment such completion, execution or submission would subject such Lender to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Lender.

(ii) Without limiting the generality of the foregoing, in the event that the Borrower is a U.S. Person,

(A) any Lender that is a U.S. Person shall deliver to the Borrower and the Administrative Agent on or prior to the date on which such Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable

request of the Borrower or the Administrative Agent), executed copies of IRS Form W-9 certifying that such Lender is exempt from U.S. federal backup withholding tax;

(B) any Foreign Lender shall, to the extent it is legally entitled to do so, 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 reasonable request of the Borrower or the Administrative Agent), whichever of the following is applicable:

(1) in the case of a Foreign Lender claiming the benefits of an income tax treaty to which the United States is a party (x) with respect to payments of interest under any Loan Document, executed copies of IRS Form W-8BEN-E (or W-8BEN, as applicable) establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the “interest” article of such tax treaty and (y) with respect to any other applicable payments under any Loan Document, IRS Form W-8BEN-E (or W-8BEN, as applicable) establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the “business profits” or “other income” article of such tax treaty;

(2) executed copies of IRS Form W-8ECI;

(3) 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 L-1 to the effect that such Foreign Lender is not a “bank” within the meaning of Section 881(c)(3)(A) of the Code, a “10 percent shareholder” of the Borrower within the meaning of Section 881(c)(3)(B) of the Code, or a “controlled foreign corporation” described in Section 881(c)(3)(C) of the Code (a “U.S. Tax Compliance Certificate”) and (y) executed copies of IRS Form W-8BEN-E (or W-8BEN, as applicable); or

(4) 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-E (or W-8BEN, as applicable), a U.S. Tax Compliance Certificate substantially in the form of Exhibit L-2 or Exhibit L-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 L-4 on behalf of each such direct and indirect partner;

(C) any Foreign Lender shall, to the extent it is legally entitled to do so, 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 reasonable request of the Borrower or the Administrative Agent), executed copies (or originals, as required) of any other form prescribed by

Applicable Law as a basis for claiming exemption from or a reduction in U.S. federal withholding Tax, duly completed, together with such supplementary documentation as may be prescribed by Applicable Law to permit the Borrower or the Administrative Agent to determine the withholding or deduction required to be made; and

(D) if a payment made to a Lender under any Loan Document would be subject to U.S. federal withholding Tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Lender shall deliver to the Borrower and the Administrative Agent at the time or times prescribed by law and at such time or times reasonably requested by the Borrower or the Administrative Agent such documentation prescribed by Applicable Law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the Borrower or the Administrative Agent as may be necessary for the Borrower and the Administrative Agent to comply with their obligations under FATCA and to determine that such Lender has complied with such Lender's obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for the purposes of this clause (f)(ii)(D), "FATCA" shall include any amendments made to FATCA after the date of this Agreement.

(iii) Each Lender agrees that if any form or certification it previously delivered pursuant to this Section 3.01 expires or becomes obsolete or inaccurate in any respect, it shall update such form or certification or promptly notify the Borrower and the Administrative Agent in writing of its legal inability to do so.

(g) 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 have any obligation to pay to any Lender, any refund of Taxes withheld or deducted from funds paid for the account of such Lender. If any Recipient determines, in its sole discretion exercised in good faith, that it has received a refund of any Taxes as to which it has been indemnified by any Loan Party or with respect to which any Loan Party has paid additional amounts pursuant to this Section 3.01, it shall pay to such Loan Party an amount equal to such refund (but only to the extent of indemnity payments made, or additional amounts paid, by such Loan Party under this Section 3.01 with respect to the Taxes giving rise to such refund), net of all out-of-pocket expenses (including Taxes) incurred by such Recipient, 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 each Loan Party, upon the request of the Recipient, agrees to repay the amount paid over to such Loan Party (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) to the Recipient in the event the Recipient is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this clause (g), in no event will the applicable Recipient be required to pay any amount to such Loan Party pursuant to this clause (g) the payment of which would place the Recipient in a less favorable net after-Tax position than such Recipient 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 clause (g) shall not be construed to require any Recipient to make available its tax returns (or any other information relating to its Taxes that it deems confidential) to any Loan Party or any other Person.

(h) Survival. Each party's obligations under this Section 3.01 shall survive the resignation or replacement of the Administrative Agent or any assignment of rights by, or the replacement of, a Lender, the termination of the Commitments and the repayment, satisfaction or discharge of all other Obligations.

3.02 Illegality.

(a) 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 or charge interest with respect to any Credit Extension, or to determine or charge interest rates based upon the Eurocurrency Rate, or any Governmental Authority has imposed material restrictions on the authority of such Lender to purchase or sell, or to take deposits of, Dollars or any Alternative Currency in the applicable interbank market, then, upon notice thereof by such Lender to the Borrower (through the Administrative Agent), (i) any obligation of such Lender to make or continue Eurocurrency Rate Loans in the affected currency or currencies or, in the case of Eurocurrency Rate Loans in Dollars, to convert Base Rate Loans to Eurocurrency Rate 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 the Eurocurrency Rate 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 the Eurocurrency Rate 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, (A) the Borrower shall, upon demand from such Lender (with a copy to the Administrative Agent), prepay or, if applicable and such Loans are denominated in Dollars, convert all Eurocurrency Rate 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 Eurocurrency Rate component of the Base Rate), either on the last day of the Interest Period therefor, if such Lender may lawfully continue to maintain such Eurocurrency Rate Loans to such day, or immediately, if such Lender may not lawfully continue to maintain such Eurocurrency Rate Loans and (B) if such notice asserts the illegality of such Lender determining or charging interest rates based upon the Eurocurrency Rate, the Administrative Agent shall during the period of such suspension compute the Base Rate applicable to such Lender without reference to the Eurocurrency Rate 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 the Eurocurrency Rate. Upon any such prepayment or conversion, the Borrower shall also pay accrued interest on the amount so prepaid or converted, together with any additional amounts required pursuant to Section 3.05.

(b) If, in any applicable jurisdiction, the Administrative Agent, the L/C Issuer or any Lender determines that any Law has made it unlawful, or that any Governmental Authority has asserted that it is unlawful, for the Administrative Agent, the L/C Issuer or any Lender to (i) perform any of its obligations hereunder or under any other Loan Document, (ii) to fund, hold a commitment or maintain its participation in any Loan or Letter of Credit or (iii) issue, make, maintain, fund or charge interest or fees with respect to any Credit Extension such Person shall promptly notify the Administrative Agent, then, upon the Administrative Agent notifying the Company, and until such notice by such Person is revoked, any obligation of such Person to issue, make, maintain, fund or charge interest or fees with respect to any such Credit Extension shall be suspended, and to the extent required by Applicable Law, cancelled. Upon receipt of such notice, the Loan Parties shall, (A) repay that Person's participation in the Loans or other applicable

Obligations on the last day of the Interest Period for each Loan or other Obligation occurring after the Administrative Agent has notified the Company or, if earlier, the date specified by such Person in the notice delivered to the Administrative Agent (being no earlier than the last day of any applicable grace period permitted by Applicable Law), (B) to the extent applicable to the L/C Issuer, Cash Collateralize that portion of applicable L/C Obligations comprised of the aggregate undrawn amount of Letters of Credit to the extent not otherwise Cash Collateralized and (C) take all reasonable actions requested by such Person to mitigate or avoid such illegality.

3.03 Inability to Determine Rates.

(a) If in connection with any request for a Eurocurrency Rate Loan or a conversion to or continuation thereof, (i) the Administrative Agent determines that (A) deposits (whether in Dollars or an Alternative Currency) are not being offered to banks in the applicable offshore interbank market for such currency for the applicable amount and Interest Period of such Eurocurrency Rate Loan, or (B) (1) adequate and reasonable means do not exist for determining the Eurocurrency Rate for any requested Interest Period with respect to a proposed Eurocurrency Rate Loan (whether denominated in Dollars or an Alternative Currency) or in connection with an existing or proposed Base Rate Loan and (2) the circumstances described in Section 3.03(c)(i) do not apply or (C) a fundamental change has occurred in the foreign exchange or interbank markets with respect to such Alternative Currency (including, without limitation, changes in national or international financial, political or economic conditions or currency exchange rates or exchange controls) (in each case with respect to this clause (i), "*Impacted Loans*"), or (ii) the Administrative Agent or the Required Lenders determine that for any reason Eurocurrency Rate for any requested Interest Period with respect to a proposed Eurocurrency Rate Loan does not adequately and fairly reflect the cost to such Lenders of funding such Loan, the Administrative Agent will promptly so notify the Borrower and each Lender. Thereafter, (x) the obligation of the Lenders to make or maintain Eurocurrency Rate Loans in the affected currency or currencies shall be suspended (to the extent of the affected Eurocurrency Rate Loans or Interest Periods), and (y) in the event of a determination described in the preceding sentence with respect to the Eurocurrency Rate component of the Base Rate, the utilization of the Eurocurrency Rate component in determining the Base Rate shall be suspended, in each case until the Administrative Agent (or, in the case of a determination by the Required Lenders described in clause (ii) of this Section 3.03(a), until the Administrative Agent upon instruction of the Required Lenders) revokes such notice. Upon receipt of such notice, the Borrower may revoke any pending request for a Borrowing of, conversion to or continuation of Eurocurrency Rate Loans in the affected currency or currencies (to the extent of the affected Eurocurrency Rate Loans or Interest Periods) or, failing that, will be deemed to have converted such request into a request for a Borrowing of Base Rate Loans in Dollars in the amount specified therein.

(b) Notwithstanding the foregoing, if the Administrative Agent has made the determination described in clause (a)(i) of this Section 3.03, the Administrative Agent in consultation 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 clause (a)(i) of this Section 3.03, (ii) the Administrative Agent or the Required Lenders notify the Administrative Agent and the Borrower that such alternative interest rate does not adequately and fairly reflect the cost to the 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) Notwithstanding anything to the contrary in this Agreement or any other Loan Documents, but without limiting Sections 3.01(a) and (b) above, if the Administrative Agent determines (which determination shall be conclusive and binding upon all parties hereto absent manifest error), or the Borrower or Required Lenders notify the Administrative Agent (with, in the case of the Required Lenders, a copy to the Borrower) that the Borrower or Required Lenders (as applicable) have determined (which determination likewise shall be conclusive and binding upon all parties hereto absent manifest error), that:

(i) adequate and reasonable means do not exist for ascertaining LIBOR for any requested Interest Period, including, without limitation, because the LIBOR Screen Rate is not available or published on a current basis and such circumstances are unlikely to be temporary; or

(ii) the administrator of the LIBOR Screen Rate or a Governmental Authority having or purporting to have jurisdiction over the Administrative Agent has made a public statement identifying a specific date after which LIBOR or the LIBOR Screen Rate shall no longer be made available, or used for determining the interest rate of loans in the applicable currency, *provided* that, at the time of such statement, there is no successor administrator that is satisfactory to the Administrative Agent, that will continue to provide LIBOR after such specific date (such specific date, the “Scheduled Unavailability Date”); or

(iii) syndicated loans currently being executed, or that include language similar to that contained in this Section 3.03, are being executed or amended (as applicable) to incorporate or adopt a new benchmark interest rate to replace LIBOR,

then, reasonably promptly after such determination by the Administrative Agent or receipt by the Administrative Agent of such notice, as applicable, the Administrative Agent and the Borrower, in their discretion, may amend this Agreement to replace LIBOR with (x) one or more SOFR-Based Rates or (y) another alternate benchmark rate giving due consideration to any evolving or then existing convention for similar U.S. dollar denominated syndicated credit facilities for such alternative benchmarks and, in each case, including any mathematical or other adjustments to such benchmark giving due consideration to any evolving or then existing convention for similar U.S. dollar denominated syndicated credit facilities for such benchmarks which adjustment or method for calculating such adjustment shall be published on an information service as selected by the Administrative Agent from time to time in its reasonable discretion and may be periodically updated (the “Adjustment;” and any such proposed rate, a “LIBOR Successor Rate”), together with any proposed LIBOR Successor Rate Conforming Changes (as defined below) and any such amendment shall become effective at 5:00 p.m. on the fifth Business Day after the Administrative Agent shall have posted such proposed amendment to all Lenders and the Borrower unless, prior to such time, Lenders comprising the Required Lenders have delivered to the Administrative Agent written notice that such Required Lenders (A) in the case of an amendment to replace LIBOR with a rate described in clause (x), object to the Adjustment; or (B) in the case of an amendment to replace LIBOR with a rate described in clause (y), object to such amendment; provided that for the avoidance of doubt, in the case of clause (A), the Required Lenders shall not be entitled to object to any SOFR-Based Rate contained in any such amendment. Such LIBOR Successor Rate shall be applied in a manner consistent with market practice; provided that to the extent such market

practice is not administratively feasible for the Administrative Agent, such LIBOR Successor Rate shall be applied in a manner as otherwise reasonably determined by the Administrative Agent.

(d) If no LIBOR Successor Rate has been determined and the circumstances under clause (c)(i) above exist or the Scheduled Unavailability Date has occurred (as applicable), the Administrative Agent will promptly so notify the Borrower and each Lender. Thereafter, (i) the obligation of the Lenders to make or maintain Eurocurrency Rate Loans shall be suspended, (to the extent of the affected Eurocurrency Rate Loans or Interest Periods), and (ii) the Eurocurrency Rate component shall no longer be utilized in determining the Base Rate. Upon receipt of such notice, the Borrower may revoke any pending request for a Borrowing of, conversion to or continuation of Eurocurrency Rate Loans (to the extent of the affected Eurocurrency Rate Loans or Interest Periods) or, failing that, will be deemed to have converted such request into a request for a Borrowing of Base Rate Loans (subject to the foregoing clause (ii)) in the amount specified therein.

(e) Notwithstanding anything else herein, any definition of LIBOR Successor Rate shall provide that in no event shall such LIBOR Successor Rate be less than zero for purposes of this Agreement.

(f) In connection with the implementation of a LIBOR Successor Rate, the Administrative Agent will have the right to make LIBOR Successor Rate Conforming Changes from time to time and, notwithstanding anything to the contrary herein or in any other Loan Document, any amendments implementing such LIBOR Successor Rate Conforming Changes will become effective without any further action or consent of any other party to this Agreement.

3.04 Increased Costs; Reserves on Eurocurrency Rate Loans.

(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 (except any reserve requirement contemplated by Section 3.04(e)) or the L/C Issuer;

(ii) subject any Recipient to any Taxes (other than (A) Indemnified Taxes, (B) Taxes described in clauses (b) through (d) of the definition of Excluded Taxes and (C) Connection Income Taxes) on its loans, loan principal, letters of credit, commitments, or other obligations, or its deposits, reserves, other liabilities or capital attributable thereto; or

(iii) impose on any Lender or the L/C Issuer or the London interbank market any other condition, cost or expense affecting this Agreement or Eurocurrency Rate 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, converting to, continuing or maintaining any Loan (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 (or cause the applicable Designated Borrower to 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 or Swingline Loans 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), then from time to time the Borrower will pay (or cause the applicable Designated Borrower to 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) **Mandatory Costs.** If any Lender or the L/C Issuer incurs any Mandatory Costs attributable to the Obligations, then from time to time the Company will pay (or cause the applicable Designated Borrower to pay) to such Lender or the L/C Issuer, as the case may be, such Mandatory Costs. Such amount shall be expressed as a percentage rate per annum and shall be payable on the full amount of the applicable Obligations.

(d) **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 clause (a), (b) or (c) of this Section 3.04 and delivered to the Borrower shall be conclusive absent manifest error. The Borrower shall pay (or cause the applicable Designated Borrower to pay) such Lender or the L/C Issuer, as the case may be, the amount shown as due on any such certificate within ten (10) days after receipt thereof.

(e) **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 3.04 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 3.04 for any increased costs incurred or reductions suffered more than nine (9) 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 (9) 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 (or cause the applicable Designated Borrower to 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 Loan other than a Base Rate Loan on a day other than the last day of the Interest Period for such Loan (whether voluntary, mandatory, automatic, by reason of acceleration, or otherwise);

(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 Loan other than a Base Rate Loan on the date or in the amount notified by the Borrower or the applicable Designated Borrower;

(c) any assignment of a Eurocurrency Rate 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 11.13; or

(d) any failure by any Borrower to make payment of any Loan or drawing under any Letter of Credit (or interest due thereon) denominated in an Alternative Currency on its scheduled due date or any payment thereof in a different currency;

including any loss of anticipated profits, any foreign exchange losses 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 or from the performance of any foreign exchange contract. The Borrower shall also pay (or cause the applicable Designated Borrower to pay) any customary administrative fees charged by such Lender in connection with the foregoing.

For purposes of calculating amounts payable by the Borrower (or the applicable Designated Borrower) to the Lenders under this Section 3.05, each Lender shall be deemed to have funded each Eurocurrency Rate Loan made by it at the Eurocurrency Rate for such Loan by a matching deposit or other borrowing in the offshore interbank market for such currency for a comparable amount and for a comparable period, whether or not such Eurocurrency Rate Loan was in fact so funded.

3.06 Mitigation Obligations; Replacement of Lenders.

(a) Designation of a Different Lending Office. If any Lender requests compensation under Section 3.04, or requires the Borrower to pay any Indemnified Taxes or additional amounts 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 at the request of the Borrower, 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 (or cause the applicable Designated Borrower 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 additional amounts 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(a), the Borrower may replace such Lender in accordance with Section 11.13.

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, resignation of the Administrative Agent and the Facility Termination Date.

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) Execution of Credit Agreement; Loan Documents. The Administrative Agent shall have received (i) counterparts of this Agreement, executed by a Responsible Officer of each Loan Party and a duly authorized officer of each Lender, (ii) for the account of each Lender requesting a Note, a Note executed by a Responsible Officer of the Borrower, and (iii) counterparts of any other Loan Document, executed by a Responsible Officer of the applicable Loan Party and a duly authorized officer of each other Person party thereto, and, if Advance Funding Arrangements shall exist with respect to funding on the Closing Date, executed Advance Funding Documentation in form and number acceptable to the Administrative Agent, executed by a Responsible Officer of the applicable Loan Party and a duly authorized officer of each other Person party thereto.

(b) Officer's Certificate. The Administrative Agent shall have received an Officer's Certificate dated the Closing Date, certifying as to the Organization Documents of each Loan Party, the resolutions of the governing body of each Loan Party, the good standing, existence or its equivalent of each Loan Party in its jurisdiction of incorporation or organization and of the incumbency (including specimen signatures) of the Responsible Officers of each Loan Party; with respect to the Organization Documents of the Canadian Designated Borrower that are filed with a Governmental Authority, shall be certified as of a recent date the Administrative Agent shall have received such Organization Documents certified by such Governmental Authority) prior to or as soon as practicable after the initial Credit Extension hereunder.

(c) Legal Opinions of Counsel. The Administrative Agent shall have received an opinion or opinions from inhouse counsel with respect to matters of South Dakota law, Faegre Baker Daniels LLP with respect to matters of New York and federal law, and Cox & Palmer with respect to matters of Canadian law, as counsel for the Loan Parties, dated the Closing Date and addressed to the Administrative Agent and the Lenders, in form and substance acceptable to the Administrative Agent.

(d) Financial Statements. The Administrative Agent and the Lenders shall have received copies of the financial statements referred to in Section 5.05, each in form and substance satisfactory to each of them.

(e) Lien Searches. The Administrative Agent shall have received, in form and substance satisfactory to the Administrative Agent:

(i) (A) searches of UCC and Personal Property Security Act filings, as applicable, in the jurisdiction of incorporation or formation, as applicable, of each Loan

Party, copies of the financing statements on file in such jurisdictions and evidence that no Liens exist other than Permitted Liens and (B) tax lien, judgment and bankruptcy searches.

(f) Liability, Casualty, Property, Terrorism and Business Interruption Insurance. The Administrative Agent shall have received copies of insurance policies, declaration pages, certificates, and endorsements of insurance or insurance binders evidencing liability, casualty, property, terrorism and business interruption insurance meeting the requirements set forth herein or as reasonably required by the Administrative Agent. The Loan Parties shall have delivered to the Administrative Agent an Authorization to Share Insurance Information.

(g) Solvency Certificate. The Administrative Agent shall have received a Solvency Certificate signed by a Responsible Officer of the Borrower as to the financial condition, solvency and related matters of the Borrower and its Subsidiaries, after giving effect to the initial Borrowings under the Loan Documents and the other transactions contemplated hereby.

(h) Financial Condition Certificate. The Administrative Agent shall have received a certificate or certificates executed by a Responsible Officer of the Borrower as of the Closing Date, as to certain financial matters, substantially in the form of Exhibit N.

(i) Loan Notice. The Administrative Agent shall have received a Loan Notice with respect to the Loans to be made on the Closing Date.

(j) Existing Indebtedness of the Loan Parties. All of the existing Indebtedness for borrowed money of the Borrower and its Subsidiaries (other than Indebtedness permitted to exist pursuant to Section 7.02) shall be repaid in full and all security interests related thereto shall be terminated on or prior to the Closing Date.

(k) Anti-Money-Laundering; Beneficial Ownership. Upon the reasonable request of any Lender, 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 any Loan Party that qualifies as a “legal entity customer” under the Beneficial Ownership Regulation shall have delivered to each Lender that so requests, a Beneficial Ownership Certification in relation to such Loan Party.

(l) Consents. The Administrative Agent shall have received evidence that all members, boards of directors, governmental, shareholder and material third party consents and approvals necessary in connection with the entering into of this Agreement have been obtained.

(m) Fees and Expenses. The Administrative Agent and the Lenders shall have received all fees and expenses, if any, owing pursuant to the Fee Letter and Section 2.09.

(n) Due Diligence. The Lenders shall have completed a due diligence investigation of the Borrower and its Subsidiaries in scope, and with results, satisfactory to the Lenders.

(o) Other Documents. All other documents provided for herein or which the Administrative Agent or any other Lender may reasonably request or require.

(p) Permitted Acquisition. The Borrower shall have provided the Administrative Agent and the Lenders at least ten (10) days prior to the consummation of the Acquisition by the Canadian Designated Borrower of DOT Technologies Corp., a federal corporation organized under

the laws of Canada: (i) a description of the material terms of such Acquisition, (ii) audited financial statements (or, if unavailable, management-prepared financial statements) of the Target for its two most recent fiscal years and for any fiscal quarters ended within the fiscal year to date, (iii) Consolidated projected income statements of the Borrower and its Subsidiaries (giving effect to such Acquisition), and (iv) not less than two (2) Business Days prior to the consummation of any Permitted Acquisition, a Permitted Acquisition Certificate, executed by a Responsible Officer of the Borrower certifying that such Permitted Acquisition complies with the requirements of this Agreement.

(q) Additional Information. Such additional information and materials which the Administrative Agent and/or any Lender shall reasonably request or require.

Without limiting the generality of the provisions of Section 9.03(c), (i) 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 and (ii) in the event that Advance Funding Arrangements shall exist, the delivery by any Lender (x) of funds pursuant to such Advance Funding Arrangements ("Advance Funds") and (y) its signature page to this Agreement shall constitute the request, consent and direction by such Lender to the Administrative Agent (unless expressly revoked by written notice from such Lender received by the Administrative Agent prior to the earlier to occur of funding or the Administrative Agent's declaration that this Agreement is effective) to withdraw and release to the Borrowers on the Closing Date the applicable funds of such Lender to be applied to the funding of Loans by such Lender in accordance with Section 2.02 upon the Administrative Agent's determination (made in accordance with and subject to the terms of this Agreement) that it has received all items expressly required to be delivered to it under this Section 4.01.

4.02 Conditions to all Credit Extensions.

The obligation of each Lender and the L/C Issuer to honor any Request for Credit Extension is subject to the following conditions precedent:

(a) Representations and Warranties. The representations and warranties of the Borrower and each other Loan Party contained in Article V or any other Loan Document, or which are contained in any document furnished at any time under or in connection herewith or therewith, shall (i) with respect to representations and warranties that contain a materiality qualifier be true and correct on and as of the date of such Credit Extension, and (ii) with respect to representations and warranties that do not contain a materiality qualifier be true correct on and as of the date of such Credit Extension be true and correct in all material respects on and as of the date of such Credit Extension, except that for purposes of this Section 4.02, the representations and warranties contained in Sections 5.05(a) and (b) shall be deemed to refer to the most recent statements furnished pursuant to Sections 6.01(a) and (b), respectively, and all such representations and warranties shall be qualified by the most recently updated Schedules delivered to the Administrative Agent hereunder.

(b) Default. No Default shall exist, or would result from such proposed Credit Extension or from the application of the proceeds thereof.

(c) Request for Credit Extension. The Administrative Agent and, if applicable, the L/C Issuer or the Swingline Lender shall have received a Request for Credit Extension in accordance with the requirements hereof.

(d) Designated Borrower. If the applicable Borrower is a Designated Borrower, then the conditions of Section 2.16 to the designation of such Borrower as a Designated Borrower shall have been met to the satisfaction of the Administrative Agent.

(e) Alternative Currency. In the case of a Credit Extension to be denominated in an Alternative Currency, such currency remains an Eligible Currency.

(f) Legal Impediment. There shall be no impediment, restriction, limitation or prohibition imposed under Law or by any Governmental Authority, as to the proposed financing under this Agreement or the repayment thereof or as to rights created under any Loan Document or as to application of the proceeds of the realization of any such rights.

Each Request for Credit Extension submitted by the Borrower shall be deemed to be a representation and warranty that the conditions specified in Sections 4.02(a) and (b) have been satisfied on and as of the date of the applicable Credit Extension.

ARTICLE V

REPRESENTATIONS AND WARRANTIES

Each Loan Party represents and warrants to the Administrative Agent and the Lenders, as of the date made or deemed made, that:

5.01 Existence, Qualification and Power.

Each Loan Party and each of its Subsidiaries (a) is duly organized or formed, validly existing and, as applicable, in good standing under the Laws of the jurisdiction of its incorporation or organization, (b) has all requisite power and authority and all requisite governmental licenses, authorizations, consents and approvals to (i) own or lease its assets and carry on its business and (ii) execute, deliver and perform its obligations under the Loan Documents to which it is a party, and (c) is duly qualified and is licensed and, as applicable, in good standing under the Laws of each jurisdiction where its ownership, lease or operation of properties or the conduct of its business requires such qualification or license; except in each case referred to in clause (b)(i) or (c), to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect. The most recent copy of the Organization Documents of each Loan Party provided to the Administrative Agent pursuant to the terms of this Agreement is a true and correct copy of each such document, each of which is valid and in full force and effect.

5.02 Authorization; No Contravention.

The execution, delivery and performance by each Loan Party of each Loan Document to which such Person is or is to be a party have been duly authorized by all necessary corporate or other organizational action, and do not and will not (a) contravene the terms of any of such Person's Organization Documents; (b) conflict with or result in any breach or contravention of, or the creation of (or the requirement to create) any Lien under, or require any payment to be made under (i) any Contractual Obligation to which such Person is a party or affecting such Person or the properties of such Person or any of its Subsidiaries or (ii) any order, injunction, writ or decree of any Governmental Authority or any arbitral award to which such Person or its property is subject; or (c) violate any Applicable Law.

5.03 Governmental Authorization; Other Consents.

No approval, consent, exemption, authorization, or other action by, or notice to, or filing with, any Governmental Authority or any other Person is necessary or required in connection with the execution, delivery or performance by, or enforcement against, any Loan Party of this Agreement or any other Loan Document.

5.04 Binding Effect.

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. This Agreement constitutes, and each other Loan Document when so delivered will constitute, a legal, valid and binding obligation of such Loan Party, enforceable against each Loan Party that is party thereto in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principals of equity.

5.05 Financial Statements; No Material Adverse Effect.

(a) Audited Financial Statements. The Audited Financial Statements (i) were prepared in accordance with GAAP consistently applied throughout the period covered thereby, except as otherwise expressly noted therein; (ii) fairly present the financial condition of the Borrower and its Subsidiaries as of the date thereof and their results of operations, cash flows and changes in Shareholders' Equity for the period covered thereby in accordance with GAAP consistently applied throughout the period covered thereby, except as otherwise expressly noted therein; and (iii) show all material indebtedness and other liabilities, direct or contingent, of the Borrower and its Subsidiaries as of the date thereof, including liabilities for taxes, material commitments and Indebtedness.

(b) Quarterly Financial Statements. The unaudited Consolidated and consolidating balance sheet of the Borrower and its Subsidiaries dated July 31, 2019, and the related Consolidated and consolidating statements of income or operations, Shareholders' Equity and cash flows for the fiscal quarter ended on that date (i) were prepared in accordance with GAAP consistently applied throughout the period covered thereby, except as otherwise expressly noted therein, and (ii) fairly present the financial condition of the Borrower and its Subsidiaries as of the date thereof and their results of operations, cash flows and changes in Shareholders' Equity for the period covered thereby, subject, in the case of clauses (i) and (ii), to the absence of footnotes and to normal year-end audit adjustments.

(c) Material Adverse Effect. Since January 31, 2019, there has been no event or circumstance, either individually or in the aggregate, that has had or could reasonably be expected to have a Material Adverse Effect.

5.06 Litigation.

There are no actions, suits, proceedings, claims or disputes pending or, to the knowledge of the Loan Parties, threatened in writing, at law, in equity, in arbitration or before any Governmental Authority, by or against any Loan Party or any Subsidiary or against any of their properties or revenues that (a) purport to affect or pertain to this Agreement or any other Loan Document or any of the transactions contemplated hereby, or (b) either individually or in the aggregate could reasonably be expected to have a Material Adverse Effect.

5.07 No Default.

Neither any Loan Party nor any Subsidiary thereof is in default under or with respect to, or a party to, any Contractual Obligation that could, either individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. No Default has occurred and is continuing or would result from the consummation of the transactions contemplated by this Agreement or any other Loan Document.

5.08 Ownership of Property.

Each Loan Party and each of its Subsidiaries has good record and marketable title in fee simple to, or valid leasehold interests in, all real property necessary or used in the ordinary conduct of its business, except for such defects in title as could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

5.09 Environmental Matters.

(a) Except as could not, individually or in the aggregate, reasonably be expected to result in any Material Adverse Effect on any of the Loan Parties or any of their respective subsidiaries:

(i) (A) None of the properties currently or formerly owned, leased or operated by any Loan Party or any of its Subsidiaries is listed or formally proposed for listing on the NPL or on the CERCLIS or any analogous foreign, state or local list or is adjacent to any such property; (B) there are no, and to the best knowledge of the Loan Parties and their Subsidiaries never have been any underground or above-ground storage tanks or any surface impoundments, septic tanks, pits, sumps or lagoons in which Hazardous Materials are being or have been treated, stored or disposed on any property currently owned, leased or operated by any Loan Party or any of its Subsidiaries or, to the best of the knowledge of the Loan Parties, on any property formerly owned, leased or operated by any Loan Party or any of its Subsidiaries; (C) there is no and never has been any asbestos or asbestos-containing material on, at or in any property currently owned, leased or operated by any Loan Party or any of its Subsidiaries; (D) Hazardous Materials have not been released on, at, under or from any property currently or formerly owned, leased or operated by any Loan Party or any of its Subsidiaries or any property by or on behalf, or otherwise arising from the operations, of any Loan Party or any of its Subsidiaries; and (E) no Loan Party or any of its Subsidiaries has become subject to any Environmental Liability or knows of any facts or circumstances that could reasonably be expected to give rise to any Environmental Liability;

(ii) (A) Neither any Loan Party nor any of its Subsidiaries is undertaking, and has not completed, either individually or together with other potentially responsible parties, any investigation or assessment or remedial or response action relating to any actual or threatened Release of Hazardous Materials at, on, under, or from any site, location or operation, either voluntarily or pursuant to the order of any Governmental Authority or the requirements of any Environmental Law; and (B) all Hazardous Materials generated, used, treated, handled or stored at, or transported to or from, any property currently or formerly owned, leased or operated by any Loan Party or any of its Subsidiaries have been disposed of in a manner which could not reasonably be expected to result in liability to any Loan Party or any of its Subsidiaries;

(iii) The Loan Parties and their respective Subsidiaries: (A) are, and within the period of all applicable statutes of limitation have been, in compliance with all applicable Environmental Laws; (B) hold all Environmental Permits (each of which is in full force and effect) required for any of their current or intended operations or for any property owned, leased, or otherwise operated by any of them; (C) are, and within the period of all applicable statutes of limitation have been, in compliance with all of their Environmental Permits; (D) to the extent within the control of the Loan Parties and their respective Subsidiaries, will timely renew and comply with each of their Environmental Permits and any additional Environmental permits that may be required of any of them without material expense, and timely comply with any current, future or potential Environmental Law without material expense; and (E) are not aware of any requirements proposed for adoption or implementation under any Environmental Law.

(b) The Loan Parties and their respective Subsidiaries conduct in the ordinary course of business a review of the effect of existing Environmental Laws and claims alleging potential liability or responsibility for violation of any Environmental Law on their respective businesses, operations and properties, and as a result thereof the Borrower has reasonably concluded that such Environmental Laws and claims could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

5.10 Insurance.

Except as described in Schedule 5.10, the properties of the Borrower and its Subsidiaries are insured with financially sound and reputable insurance companies not Affiliates of the Borrower, 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 applicable Loan Party or the applicable Subsidiary operates. The general liability, casualty, property, terrorism and business interruption insurance coverage of the Loan Parties as in effect on the Closing Date, and as of the last date such Schedule was required to be updated in accordance with Sections 6.02, 6.13 and 6.14, is outlined as to carrier, policy number, expiration date, type, amount and deductibles on Schedule 5.10 and such insurance coverage complies with the requirements set forth in this Agreement and the other Loan Documents.

5.11 Taxes.

Each Loan Party and its Subsidiaries have filed all federal, state and other material tax returns and reports required to be filed, and have paid all federal, state and other material taxes, assessments, fees and other governmental charges levied or imposed upon them or their properties, income or assets otherwise due and payable, except those which are being contested in good faith by appropriate proceedings diligently conducted and for which adequate reserves have been provided in accordance with GAAP. There is no proposed tax assessment against any Loan Party or any Subsidiary that would, if made, have a Material Adverse Effect, nor is there any tax sharing agreement applicable to the Borrower or any Subsidiary.

5.12 ERISA Compliance.

(a) Each Plan is in compliance in all material respects with the applicable provisions of ERISA, the Code and other federal or state laws. Each Pension Plan that is intended to be a qualified plan under Section 401(a) of the Code has received a favorable determination letter or is subject to a favorable opinion letter from the IRS to the effect that the form of such Plan is qualified under Section 401(a) of the Code and the trust related thereto has been determined by the IRS to be exempt from federal income tax under Section 501(a) of the Code, or an application for such a letter

is currently being processed by the IRS. To the best knowledge of the Loan Parties, nothing has occurred that would prevent or cause the loss of such tax-qualified status.

(b) There are no pending or, to the best knowledge of the Loan Parties, threatened claims, actions or lawsuits, or action by any Governmental Authority, with respect to any Plan that could reasonably be expected to have a Material Adverse Effect. There has been no prohibited transaction or violation of the fiduciary responsibility rules with respect to any Plan that has resulted or could reasonably be expected to result in a Material Adverse Effect.

(c) (i) No ERISA Event has occurred, and no Loan Party nor any ERISA Affiliate is aware of any fact, event or circumstance that could reasonably be expected to constitute or result in an ERISA Event with respect to any Pension Plan or Multiemployer Plan; (ii) as of the most recent valuation date for any Pension Plan, the funding target attainment percentage (as defined in Section 430(d)(2) of the Code) is 60% or higher and no Loan Party nor any ERISA Affiliate knows of any facts or circumstances that could reasonably be expected to cause the funding target attainment percentage for any such plan to drop below 60% as of the most recent valuation date; (iii) no Loan Party nor any ERISA Affiliate has incurred any liability to the PBGC other than for the payment of premiums, and there are no premium payments which have become due that are unpaid; (iv) neither the Borrower nor any ERISA Affiliate has engaged in a transaction that could be subject to Section 4069 or Section 4212(c) of ERISA; and (v) no Pension Plan has been terminated by the plan administrator thereof nor by the PBGC, and no event or circumstance has occurred or exists that could reasonably be expected to cause the PBGC to institute proceedings under Title IV of ERISA to terminate any Pension Plan.

(d) Neither the Borrower nor any ERISA Affiliate maintains or contributes to, or has any unsatisfied obligation to contribute to, or liability under, any active or terminated Pension Plan other than (i) on the Closing Date, those listed on Schedule 5.12 hereto and (ii) thereafter, Pension Plans not otherwise prohibited by this Agreement.

(e) The Borrower represents and warrants as of the Closing Date that the Borrower is not and will not be using “plan assets” (within the meaning of Section 3(42) of ERISA or otherwise) of one or more Benefit Plans with respect to the Borrower’s entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments or this Agreement.

5.13 Margin Regulations; Investment Company Act.

(a) Margin Regulations. Neither the Borrower nor any of its Subsidiaries is engaged or will engage, principally or as one of its important activities, in the business of purchasing or carrying margin stock (within the meaning of Regulation U), or extending credit for the purpose of purchasing or carrying margin stock. Following the application of the proceeds of each Borrowing or drawing under each Letter of Credit, not more than twenty-five percent (25%) of the value of the assets (either of the Borrower only or of the Borrower and its Subsidiaries on a Consolidated basis) subject to the provisions of Section 7.01 or Section 7.05 or subject to any restriction contained in any agreement or instrument between the Borrower or any of its Subsidiaries and any Lender or any Affiliate of any Lender relating to Indebtedness and within the scope of Section 8.01(e) will be margin stock.

(b) Investment Company Act. None of the Borrower, any Person Controlling the Borrower, or any Subsidiary is or is required to be registered as an “investment company” under the Investment Company Act of 1940.

5.14 Disclosure.

The Borrower has disclosed to the Administrative Agent and the Lenders all agreements, instruments and corporate or other restrictions to which it or any of its Subsidiaries or any other Loan Party is subject, and all other matters known to it, that, individually or in the aggregate, could reasonably be expected to result in a Material Adverse Effect. No report, financial statement, certificate or other information furnished (whether in writing or orally) by or on behalf of any Loan Party to the Administrative Agent or any Lender in connection with the transactions contemplated hereby and the negotiation of this Agreement or delivered hereunder or under any other Loan Document (in each case as modified or supplemented by other information so furnished) contains any material misstatement of fact or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; *provided* that, with respect to projected financial information, each Loan Party represents only that such information was prepared in good faith based upon assumptions believed to be reasonable at the time.

5.15 Compliance with Laws.

Each Loan Party and each Subsidiary thereof is in compliance with the requirements of all Applicable Laws and all orders, writs, injunctions and decrees applicable to it or to its properties, except in such instances in which (a) such requirement of Law or order, writ, injunction or decree is being contested in good faith by appropriate proceedings diligently conducted or (b) the failure to comply therewith, either individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect.

5.16 Solvency.

The Loan Parties are, on a Consolidated basis, Solvent.

5.17 Casualty, Etc.

Neither the businesses nor the properties of any Loan Party or any of its Subsidiaries are affected by any fire, explosion, accident, strike, lockout or other labor dispute, drought, storm, hail, earthquake, embargo, act of God or of the public enemy or other casualty (whether or not covered by insurance) that, either individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect.

5.18 Sanctions Concerns and Anti-Corruption Laws.

(a) Sanctions Concerns. No Loan Party, nor any Subsidiary, nor, to the knowledge of the Loan Parties and their Subsidiaries, any director, officer, employee, agent, affiliate or representative thereof, is an individual or entity that is, or is owned or controlled by one or more individuals or entities that are (i) currently the subject or target of any Sanctions, (ii) included on OFAC's List of Specially Designated Nationals or HMT's Consolidated List of Financial Sanctions Targets, or any similar list enforced by any other relevant sanctions authority or (iii) located, organized or resident in a Designated Jurisdiction. The Borrower and its Subsidiaries have conducted their businesses in compliance with all applicable Sanctions and have instituted and maintained policies and procedures designed to promote and achieve compliance with such Sanctions.

(b) Anti-Corruption Laws. The Loan Parties and their Subsidiaries have conducted their business in compliance in all material respects with the United States Foreign Corrupt Practices Act of 1977, the UK Bribery Act 2010 and other applicable anti-corruption legislation in

other jurisdictions, and have instituted and maintained policies and procedures designed to promote and achieve compliance with such laws.

5.19 Responsible Officers.

Set forth on Schedule 1.01(c) are Responsible Officers, holding the offices indicated next to their respective names, as of the Closing Date and as of the last date such Schedule 1.01(c) was required to be updated in accordance with Sections 6.02, 6.13 and 6.14 and such Responsible Officers are the duly elected and qualified officers of such Loan Party and are duly authorized to execute and deliver, on behalf of the respective Loan Party, this Agreement, the Notes and the other Loan Documents.

5.20 Subsidiaries; Equity Interests; Loan Parties.

(a) Subsidiaries, Joint Ventures, Partnerships and Equity Investments. Set forth on Schedule 5.20(a), is the following information which is true and complete in all respects as of the Closing Date and as of the last date such Schedule was required to be updated in accordance with Sections 6.02, 6.13 and 6.14: (i) a complete and accurate list of all Subsidiaries, joint ventures and partnerships and other equity investments of the Loan Parties as of the Closing Date and as of the last date such Schedule was required to be updated in accordance with Sections 6.02, 6.13 and 6.14, (ii) the number of shares of each class of Equity Interests in each Subsidiary outstanding, (iii) the number and percentage of outstanding shares of each class of Equity Interests owned by the Loan Parties and their Subsidiaries and (iv) the class or nature of such Equity Interests (*i.e.*, voting, non-voting, preferred, etc.). The outstanding Equity Interests in all Subsidiaries are validly issued, fully paid and non-assessable and are owned free and clear of all Liens. There are no outstanding subscriptions, options, warrants, calls, rights or other agreements or commitments (other than stock options granted to employees or directors and directors' qualifying shares) of any nature relating to the Equity Interests of any Loan Party or any Subsidiary thereof, except as contemplated in connection with the Loan Documents.

(b) Loan Parties. Set forth on Schedule 5.20(b) is a complete and accurate list of all Loan Parties, showing as of the Closing Date, or as of the last date such Schedule was required to be updated in accordance with Sections 6.02, 6.13 and 6.14, (as to each Loan Party) (i) the exact legal name, (ii) any former legal names of such Loan Party in the four (4) months prior to the Closing Date, (iii) the jurisdiction of its incorporation or organization, as applicable, (iv) the type of organization, (v) the jurisdictions in which such Loan Party is qualified to do business, (vi) the address of its chief executive office, (vii) the address of its principal place of business, (viii) its U.S. federal taxpayer identification number or, in the case of any non-U.S. Loan Party that does not have a U.S. taxpayer identification number, its unique identification number issued to it by the jurisdiction of its incorporation or organization, (ix) the organization identification number, (x) ownership information (*e.g.*, publicly held or if private or partnership, the owners and partners of each of the Loan Parties) and (xi) the industry or nature of business of such Loan Party.

5.21 EEA Financial Institutions.

No Loan Party is an EEA Financial Institution.

5.22 Covered Entities.

No Loan Party is a Covered Entity.

5.23 Beneficial Ownership Certification.

The information included in the Beneficial Ownership Certification, if applicable, is true and correct in all respects.

5.24 Intellectual Property; Licenses, Etc.

The Borrower and each of its Subsidiaries own, or possess the right to use, all of the trademarks, service marks, trade names, copyrights, patents, patent rights, trade secrets, know-how, franchises, licenses and other intellectual property rights that are used in the operation of their respective businesses, without conflict with the rights of any other Person, except to the extent the failure to own or possess such rights could not reasonably be expected to have a Material Adverse Effect..

5.25 Labor Matters.

There are no collective bargaining agreements or Multiemployer Plans covering the employees of the Borrower or any of its Subsidiaries as of the Closing Date and neither the Borrower nor any Subsidiary has suffered any strikes, walkouts, work stoppages or other material labor difficulty within the last five (5) years preceding the Closing Date.

5.26 Representations as to Foreign Obligors.

Each of the Borrower and each Foreign Obligor represents and warrants to the Administrative Agent and the Lenders that:

(a) Such Foreign Obligor is subject to civil and commercial Laws with respect to its obligations under this Agreement and the other Loan Documents to which it is a party (collectively as to such Foreign Obligor, the “Applicable Foreign Obligor Documents”), and the execution, delivery and performance by such Foreign Obligor of the Applicable Foreign Obligor Documents constitute and will constitute private and commercial acts and not public or governmental acts. Neither such Foreign Obligor nor any of its property has any immunity from jurisdiction of any court or from any legal process (whether through service or notice, attachment prior to judgment, attachment in aid of execution, execution or otherwise) under the laws of the jurisdiction in which such Foreign Obligor is organized and existing in respect of its obligations under the Applicable Foreign Obligor Documents.

(b) The Applicable Foreign Obligor Documents are in proper legal form under the Laws of the jurisdiction in which such Foreign Obligor is organized and existing for the enforcement thereof against such Foreign Obligor under the Laws of such jurisdiction, and to ensure the legality, validity, enforceability, priority or admissibility in evidence of the Applicable Foreign Obligor Documents. It is not necessary to ensure the legality, validity, enforceability, priority or admissibility in evidence of the Applicable Foreign Obligor Documents that the Applicable Foreign Obligor Documents be filed, registered or recorded with, or executed or notarized before, any court or other authority in the jurisdiction in which such Foreign Obligor is organized and existing or that any registration charge or stamp or similar tax be paid on or in respect of the Applicable Foreign Obligor Documents or any other document, except for (i) any such filing, registration, recording, execution or notarization as has been made or is not required to be made until the Applicable Foreign Obligor Document or any other document is sought to be enforced and (ii) any charge or tax as has been timely paid.

(c) There is no tax, levy, impost, duty, fee, assessment or other governmental charge, or any deduction or withholding, imposed by any Governmental Authority in or of the jurisdiction in which such Foreign Obligor is organized and existing either (i) on or by virtue of the execution

or delivery of the Applicable Foreign Obligor Documents or (ii) on any payment to be made by such Foreign Obligor pursuant to the Applicable Foreign Obligor Documents, except as has been disclosed to the Administrative Agent. It is not required under the Laws of the jurisdiction in which the Borrower is incorporated or resident or at the address specified for the Borrower on Schedule 1.01(a) to make any deduction for or on account of Tax from any payment it may make under any Loan Documents.

(d) The execution, delivery and performance of the Applicable Foreign Obligor Documents executed by such Foreign Obligor are, under applicable foreign exchange control regulations, if any, of the jurisdiction in which such Foreign Obligor is organized and existing, not subject to any notification or authorization except (i) such as have been made or obtained or (ii) such as cannot be made or obtained until a later date (*provided* that any notification or authorization described in clause (ii) shall be made or obtained as soon as is reasonably practicable).

(e) In any proceeding in a court of competent jurisdiction in the Province of Nova Scotia (a "Nova Scotia Court") for the enforcement of this Agreement, the Nova Scotia Court would apply the laws of the State of New York, United States of America ("New York Law"), in accordance with the parties' choice of New York Law in this Agreement, to all issues which under the laws of the Province of Nova Scotia and the federal laws of Canada applicable therein ("Nova Scotia Law") are to be determined in accordance with the chosen law of this Agreement, provided that:

(i) the parties' choice of New York Law is bona fide and legal and there is no reason for avoiding the choice on the grounds of Nova Scotia public policy, as such term is interpreted under Nova Scotia Law ("Nova Scotia Public Policy"); and

(ii) in any such proceeding, and notwithstanding the parties' choice of law, the Nova Scotia Court will: (A) not take judicial notice of the provisions of New York Law but only apply such provisions if they are pleaded and proven by expert testimony, (B) not apply any New York Law and will apply Nova Scotia Law to matters that would be characterized under Nova Scotia Law as procedural, (C) apply provisions of Nova Scotia Law that have overriding effect, (D) not apply any New York Law if such application would be characterized under Nova Scotia Law as the direct or indirect enforcement of a foreign revenue, expropriation, penal or other public law or if its application would be contrary to Nova Scotia Public Policy and (E) not enforce the performance of any obligation that is illegal under the laws of any jurisdiction in which the obligation is to be performed.

(f) A Nova Scotia Court would render a judgment based on a final and conclusive in personam judgment of a court exercising jurisdiction in the State of New York (a "New York Court") for a sum certain, obtained against the Canadian Designated Borrower with respect to a claim arising out of the Credit Agreement (a "New York Judgment"), without reconsideration of the merits, provided that:

(i) (A) an action to enforce the New York Judgment must be commenced in the Nova Scotia Court within any applicable limitation period, (B) the Nova Scotia Court has the discretion to stay or decline to hear an action on the New York Judgment if that judgment is under appeal or there is another subsisting judgment in any jurisdiction relating to the same cause of action, (C) the Nova Scotia Court will render judgment only in Canadian currency, and (D) an action in the Nova Scotia Court on the New York Judgment

may be affected by bankruptcy, insolvency or other similar laws affecting the enforcement of creditors' rights generally; and

(ii) the New York Judgment is subject to a defense if it (A) was obtained by fraud or in a manner contrary to the principles of natural justice; (B) is for a claim that under Nova Scotia Law would be characterized as based on foreign revenue, expropriation, penal or other public law; (C) is contrary to Nova Scotia Public Policy; and (D) has been satisfied or is void under New York Law.

(g) Except for applicable filings with respect to any Foreign Subsidiary Secured Obligations, under the Laws of the jurisdiction in which such Foreign Obligor is incorporated it is not necessary that the Loan Documents be filed, recorded or enrolled with any court or other authority in that jurisdiction or that any stamp, registration or similar tax be paid on or in relation to the Loan Documents or the transactions contemplated by the Loan Documents.

ARTICLE VI

AFFIRMATIVE COVENANTS

Each of the Loan Parties hereby covenants and agrees that on the Closing Date and thereafter until the Facility Termination Date, such Loan Party shall, and shall cause each of its Subsidiaries to:

6.01 Financial Statements.

Deliver to the Administrative Agent and each Lender, in form and detail satisfactory to the Administrative Agent and the Required Lenders:

(a) Audited Financial Statements. As soon as available, but in any event within ninety (90) days after the end of each fiscal year of the Borrower (or, if earlier, fifteen (15) days after the date required to be filed with the SEC (without giving effect to any extension permitted by the SEC))(commencing with the fiscal year ended January 31, 2019), a Consolidated and consolidating balance sheet of the Borrower and its Subsidiaries as at the end of such fiscal year, and the related Consolidated and consolidating statements of income or operations, changes in Shareholders' Equity and cash flows for such fiscal year, setting forth in each case in comparative form the figures for the previous fiscal year, all in reasonable detail and prepared in accordance with GAAP, (i) such Consolidated statements to be audited and accompanied by a report and opinion of an independent certified public accountant of nationally recognized standing reasonably acceptable to the Administrative Agent, which report and opinion shall be prepared in accordance with generally accepted auditing standards and shall not be subject to any "going concern" or like qualification or exception or any qualification or exception as to the scope of such audit, and (ii) such consolidating statements to be certified by the chief executive officer, chief financial officer, treasurer or controller that is a Responsible Officer of the Borrower to the effect that such statements are fairly stated in all material respects when considered in relation to the Consolidated financial statements of the Borrower and its Subsidiaries.

(b) Quarterly Financial Statements. As soon as available, but in any event within forty-five (45) days after the end of each of the first three (3) fiscal quarters of each fiscal year of the Borrower (or, if earlier, five (5) days after the date required to be filed with the SEC (without giving effect to any extension permitted by the SEC))(commencing with the fiscal quarter ended October 31, 2019), a Consolidated and consolidating balance sheet of the Borrower and its Subsidiaries as at the end of such fiscal quarter, and the related Consolidated and consolidating statements of income

or operations, changes in Shareholders' Equity and cash flows for such fiscal quarter and for the portion of the Borrower's fiscal year then ended, setting forth in each case in comparative form the figures for the corresponding fiscal quarter of the previous fiscal year and the corresponding portion of the previous fiscal year, all in reasonable detail and prepared in accordance with GAAP and including management discussion and analysis of operating results inclusive of operating metrics in comparative form, such Consolidated statements to be certified by the chief executive officer, chief financial officer, treasurer or controller who is a Responsible Officer of the Borrower as fairly presenting the financial condition, results of operations, Shareholders' Equity and cash flows of the Borrower and its Subsidiaries, subject only to normal year-end audit adjustments and the absence of footnotes and such consolidating statements to be certified by the chief executive officer, chief financial officer, treasurer or controller that is a Responsible Officer of the Borrower to the effect that such statements are fairly stated in all material respects when considered in relation to the Consolidated financial statements of the Borrower and its Subsidiaries.

(c) Business Plan and Budget. As soon as available, but in any event within ninety (90) days after the end of each fiscal year of the Borrower, an annual business plan and budget of the Borrower and its Subsidiaries on a Consolidated basis, including forecasts prepared by management of the Borrower, in form satisfactory to the Administrative Agent and the Required Lenders, of Consolidated balance sheets and statements of income or operations and cash flows of the Borrower and its Subsidiaries on a monthly basis for the immediately following fiscal year; provided, that to the extent such plan and forecast material changes over the course of a fiscal year, the Borrower shall furnish to the Administrative Agent and the Lender an updated version of such annual business plan and budget outlining a summary of the changes.

As to any information contained in materials furnished pursuant to Section 6.02(g), the Borrower shall not be separately required to furnish such information under Section 6.01(a) or (b) above, but the foregoing shall not be in derogation of the obligation of the Borrower to furnish the information and materials described in Sections 6.01(a) and (b) above at the times specified therein.

6.02 Certificates; Other Information.

Deliver to the Administrative Agent and each Lender, in form and detail satisfactory to the Administrative Agent and the Required Lenders:

(a) Accountants' Certificate. Concurrently with the delivery of the financial statements referred to in Section 6.01(a) (commencing with the delivery of the financial statements for the fiscal year ended January 31, 2019), a certificate of its independent certified public accountants certifying such financial statements and stating that in making the examination necessary therefor no knowledge was obtained of any Default or, if any such Default shall exist, stating the nature and status of such event.

(b) Compliance Certificate. Concurrently with the delivery of the financial statements referred to in Sections 6.01(a) and (b) commencing with the delivery of the financial statements for the fiscal quarter ended October 31, 2019, a duly completed Compliance Certificate signed by the chief executive officer, chief financial officer, treasurer or controller which is a Responsible Officer of the Borrower. Unless the Administrative Agent or a Lender requests executed originals, delivery of the Compliance Certificate may be by electronic communication including fax or email and shall be deemed to be an original and authentic counterpart thereof for all purposes.

(c) Updated Schedules. Concurrently with the delivery of the Compliance Certificate referred to in Section 6.02(b), (i) the following updated Schedules to this Agreement (which may be

attached to the Compliance Certificate) to the extent required to make the representation related to such Schedule true and correct as of the date of such Compliance Certificate: Schedules 1.01(c), 5.10, 5.20(a) and 5.20(b) and (ii) copies of all material amendments to the Organization Documents of the Loan Parties.

(d) Calculations. Concurrently with the delivery of the Compliance Certificate referred to in Section 6.02(b) required to be delivered with the financial statements referred to in Section 6.01(a), a certificate (which may be included in such Compliance Certificate) including (i) the amount of all Restricted Payments, Investments (including Permitted Acquisitions) and Dispositions.

(e) Changes in Entity Structure. Within ten (10) days prior to any merger, consolidation, dissolution or other change in entity structure of any Loan Party or any of its Subsidiaries permitted pursuant to the terms hereof, provide notice of such change in entity structure to the Administrative Agent, along with such other information as reasonably requested by the Administrative Agent. Provide notice to the Administrative Agent, not less than ten (10) days prior (or such extended period of time as agreed to by the Administrative Agent) of any change in any Loan Party's legal name, state of organization, or organizational existence.

(f) Annual Reports; Etc. Promptly after the same are available, copies of each annual report, proxy or financial statement or other report or communication sent to the stockholders of the Borrower, and copies of all annual, regular, periodic and special reports and registration statements which the Borrower may file or be required to file with the SEC under Section 13 or 15(d) of the Securities Exchange Act of 1934, or with any national securities exchange, and in any case not otherwise required to be delivered to the Administrative Agent pursuant hereto;.

(g) Environmental Notice. Promptly after the assertion or occurrence thereof, notice of any action or proceeding against or of any noncompliance by any Loan Party or any of its Subsidiaries with any Environmental Law or Environmental Permit that could reasonably be expected to have a Material Adverse Effect.

(h) Anti-Money-Laundering; Beneficial Ownership Regulation. Promptly following any request therefor, information and documentation reasonably requested by the Administrative Agent or any Lender for purposes of compliance with applicable "know your customer" and anti-money-laundering rules and regulations, including, without limitation, the Patriot Act.

(i) Beneficial Ownership. To the extent any Loan Party qualifies as a "legal entity customer" under the Beneficial Ownership Regulation, an updated Beneficial Ownership Certification promptly following any change in the information provided in the Beneficial Ownership Certification delivered to any Lender in relation to such Loan Party that would result in a change to the list of beneficial owners identified in such certification.

(j) Additional Information. Promptly, such additional information regarding the business, financial, legal or corporate affairs of any Loan Party or any Subsidiary thereof, or compliance with the terms of the Loan Documents, as the Administrative Agent or any Lender may from time to time reasonably request.

(k) Documents required to be delivered pursuant to Section 6.01(a) or (b) or Section 6.02(f) (to the extent any such documents are included in materials otherwise filed with the SEC) may be delivered electronically and if so delivered, shall be deemed to have been delivered on the date (i) on which the Borrower posts such documents, or provides a link thereto on the Borrower's

website on the Internet at the website address listed on Schedule 1.01(a); or (ii) on which such documents are posted on the Borrower's behalf on an Internet or intranet website, if any, to which each Lender and the Administrative Agent have access (whether a commercial, third-party website or whether sponsored by the Administrative Agent); *provided* that: (x) the Borrower shall deliver paper copies of such documents to the Administrative Agent or any Lender upon its request to the Borrower to deliver such paper copies until a written request to cease delivering paper copies is given by the Administrative Agent or such Lender and (y) the Borrower shall notify the Administrative Agent and each Lender (by fax transmission or e-mail transmission) of the posting of any such documents and provide to the Administrative Agent by e-mail electronic versions (*i.e.*, soft copies) of such documents. The Administrative Agent shall have no obligation to request the delivery of or to maintain paper copies of the documents referred to above, and in any event shall have no responsibility to monitor compliance by the Borrower with any such request by a Lender for delivery, and each Lender shall be solely responsible for requesting delivery to it or maintaining its copies of such documents.

(l) The Borrower hereby acknowledges that (i) the Administrative Agent and/or an Affiliate thereof 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 IntraLinks, Syndtrak, ClearPar or a substantially similar electronic transmission system (the "Platform") and (ii) 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 it will use commercially reasonable efforts to identify that portion of the Borrower Materials that may be distributed to the Public Lenders and that (A) all such Borrower Materials 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; (B) by marking Borrower Materials "PUBLIC," the Borrower shall be deemed to have authorized the Administrative Agent, any Affiliate thereof, the Arranger, the L/C Issuer and the Lenders to treat such Borrower Materials as not containing any material non-public information (although it may be sensitive and proprietary) 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 11.07); (C) all Borrower Materials marked "PUBLIC" are permitted to be made available through a portion of the Platform designated "Public Side Information;" and (D) the Administrative Agent and any Affiliate thereof 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."

6.03 Notices.

Promptly, but in any event within two (2) Business Days after any Loan Party has knowledge or notice thereof, notify the Administrative Agent and each Lender:

(a) of the occurrence of any Default;

(b) of any matter that has resulted in or could reasonably be expected to result in a Material Adverse Effect, including (i) breach or non-performance of, or any default under, a Contractual Obligation of the Borrower or any Subsidiary that has resulted in or could reasonably be expected to result in a liability in excess of the Threshold Amount; (ii) any action, suit, dispute, litigation, investigation, proceeding or suspension involving the Borrower or any Subsidiary or any

of their respective properties and any Governmental Authority that has resulted in or could reasonably be expected to result in a liability in excess of the Threshold Amount; or (iii) the commencement of, or any material development in, any litigation or proceeding affecting the Borrower or any Subsidiary, including pursuant to any applicable Environmental Laws that has resulted in or could reasonably be expected to result in a liability in excess of the Threshold Amount;

(c) of the occurrence of any ERISA Event in excess of the Threshold Amount; and

(d) of any material change in accounting policies or financial reporting practices by any Loan Party or any Subsidiary thereof, including any determination by the Borrower referred to in Section 2.10(b).

Each notice pursuant to this Section 6.03 shall be accompanied by a statement of a Responsible Officer of the Borrower setting forth details of the occurrence referred to therein and to the extent applicable, stating what action the Borrower has taken and proposes to take with respect thereto. Each notice pursuant to Section 6.03(a) shall describe with particularity any and all provisions of this Agreement and any other Loan Document that have been breached.

6.04 Payment of Obligations.

Pay and discharge as the same shall become due and payable, all its obligations and liabilities, including (a) all tax liabilities, assessments and governmental charges or levies upon it or its properties or assets, unless the same are being contested in good faith by appropriate proceedings diligently conducted and adequate reserves in accordance with GAAP are being maintained by the Borrower or such Subsidiary; (b) all lawful claims which, if unpaid, would by law become a Lien upon its property; and (c) all Indebtedness, as and when due and payable, but subject to any subordination provisions contained in any instrument or agreement evidencing such Indebtedness, except to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect.

6.05 Preservation of Existence, Etc.

(a) Preserve, renew and maintain in full force and effect its legal existence and good standing under the Laws of the jurisdiction of its organization except in a transaction permitted by Section 7.04 or 7.05;

(b) take all reasonable action to maintain all rights, privileges, permits, licenses and franchises necessary or desirable in the normal conduct of its business, except to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect; and

(c) preserve or renew all of its registered patents, trademarks, trade names and service marks, the non-preservation of which could reasonably be expected to have a Material Adverse Effect.

6.06 Maintenance of Properties.

(a) Maintain, preserve and protect all of its material properties and equipment necessary in the operation of its business in good working order and condition, ordinary wear and tear excepted; and

(b) make all necessary repairs thereto and renewals and replacements thereof except where the failure to do so could not reasonably be expected to have a Material Adverse Effect.

6.07 Maintenance of Insurance.

(a) Except as described in Schedule 5.10, maintain with financially sound and reputable insurance companies not Affiliates of the Borrower, insurance with respect to its properties and business against loss or damage of the kinds customarily insured against by Persons engaged in the same or similar business, of such types and in such amounts as are customarily carried under similar circumstances by such other Persons.

6.08 Compliance with Laws.

Comply with the requirements of all Applicable Laws and all orders, writs, injunctions and decrees applicable to it or to its business or property, except in such instances in which (a) such requirement of Law or order, writ, injunction or decree is being contested in good faith by appropriate proceedings diligently conducted; or (b) the failure to comply therewith could not reasonably be expected to have a Material Adverse Effect.

6.09 Books and Records.

Maintain proper books of record and account, in which full, true and correct entries in conformity with GAAP consistently applied shall be made of all financial transactions and matters involving the assets and business of such Loan Party or such Subsidiary, as the case may be.

6.10 Inspection Rights.

(a) Permit representatives and independent contractors of the Administrative Agent and each Lender to visit and inspect any of its properties, to examine its corporate, financial and operating records, and make copies thereof or abstracts therefrom, and to discuss its affairs, finances and accounts with its directors, officers, and independent public accountants, all at the expense of the Borrower (at such expense no more than once per year so long as no Event of Default has occurred and is continuing) and at such reasonable times during normal business hours and as often as may be reasonably desired, upon reasonable advance notice to the Borrower; *provided, however*, when an Event of Default exists the Administrative Agent or any Lender (or any of their respective representatives or independent contractors) may do any of the foregoing at the expense of the Borrower at any time during normal business hours and without advance notice.

6.11 Use of Proceeds.

Use the proceeds of the Credit Extensions for general corporate purposes not in contravention of any Law or of any Loan Document.

6.12 Material Contracts.

Perform and observe all the terms and provisions of each Material Contract to be performed or observed by it, maintain each such Material Contract in full force and effect, enforce each such Material Contract in accordance with its terms, take all such action to such end as may be from time to time requested by the Administrative Agent and, upon request of the Administrative Agent, make to each other party to each such Material Contract such demands and requests for information and reports or for action as any Loan Party or any of its Subsidiaries is entitled to make under such Material Contract, and cause each

of its Subsidiaries to do so, except, in any case, where the failure to do so, either individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect.

6.13 Covenant to Guarantee Obligations.

The Loan Parties will cause each of their Material Subsidiaries (other than any CFC, FSHCO or Subsidiary that is held directly or indirectly by a CFC) whether newly formed, after acquired or otherwise existing to promptly (and in any event within thirty (30) days after such Material Subsidiary is formed or acquired (or such longer period of time as agreed to by the Administrative Agent in its reasonable discretion)) become a Guarantor hereunder by way of execution of a Joinder Agreement; *provided, however*, no Foreign Subsidiary shall be required to become a Guarantor to the extent such Guaranty would result in a material adverse tax consequence for any Loan Party. In connection with the foregoing, the Loan Parties shall deliver to the Administrative Agent, with respect to each new Guarantor to the extent applicable, substantially the same documentation required pursuant to Sections 4.01 and 6.14 and such other documents or agreements as the Administrative Agent may reasonably request, including without limitation, updated Schedules 1.01(c), 5.10, 5.12, 5.20(a) and 5.20(b).

6.14 Compliance with Terms of Leaseholds.

Make all payments and otherwise perform all obligations in respect of all leases of real property to which the Borrower or any of its Subsidiaries is a party, keep such leases in full force and effect and not allow such leases to lapse or be terminated or any rights to renew such leases to be forfeited or cancelled, notify the Administrative Agent of any default by any party with respect to such leases and cooperate with the Administrative Agent in all respects to cure any such default, and cause each of its Subsidiaries to do so, except, in any case, where the failure to do so, either individually or in the aggregate, could not be reasonably likely to have a Material Adverse Effect.

6.15 Compliance with Environmental Laws.

Comply, and cause all lessees and other Persons operating or occupying its properties to comply, in all material respects, with all applicable Environmental Laws and Environmental Permits; obtain and renew all Environmental Permits necessary for its operations and properties; and conduct any investigation, study, sampling and testing, cleanup, removal, remedial or other action necessary to remove and clean up all Hazardous Materials from any of its properties, in accordance with all Environmental Laws; *provided, however*, that neither the Borrower nor any of its Subsidiaries shall be required to undertake any such cleanup, removal, remedial or other action to the extent that its obligation to do so is being contested in good faith and by proper proceedings and appropriate reserves are being maintained with respect to such circumstances in accordance with GAAP or where the failure to do so, either individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect.

6.16 Anti-Corruption Laws; Sanctions.

Conduct its business in compliance in all material respects with the United States Foreign Corrupt Practices Act of 1977, the UK Bribery Act 2010 and other applicable anti-corruption legislation in other jurisdictions and with all applicable Sanctions, and maintain policies and procedures designed to promote and achieve compliance with such laws and Sanctions.

6.17 Further Assurances.

Promptly upon request by the Administrative Agent, or any Lender through the Administrative Agent, (a) correct any obvious defect or error that may be discovered in any Loan Document or in the

execution, acknowledgment, filing or recordation thereof, and (b) do, execute, acknowledge, deliver, record, re-record, file, re-file, register and re-register any and all such further acts, deeds, certificates, assurances and other instruments (including promptly completing any registration or stamping of documents as may be applicable) as the Administrative Agent, or any Lender through the Administrative Agent, may reasonably require from time to time in order to carry out more effectively the purposes of the Loan Documents.

ARTICLE VII

NEGATIVE COVENANTS

Each of the Loan Parties hereby covenants and agrees that on the Closing Date and thereafter until the Facility Termination Date, no Loan Party shall, nor shall it permit any Subsidiary to, directly or indirectly:

7.01 Liens.

Create, incur, assume or suffer to exist any Lien upon any of its property, assets or revenues, whether now owned or hereafter acquired, except for the following (the "Permitted Liens"):

(a) Liens pursuant to any Loan Document;

(b) Liens existing on the Closing Date and listed on Schedule 7.01 and any renewals or extensions thereof, *provided* that (i) the property covered thereby is not changed, (ii) the amount secured or benefited thereby is not increased except as contemplated by Section 7.02(b), (iii) the direct or any contingent obligor with respect thereto is not changed, and (iv) any renewal or extension of the obligations secured or benefited thereby is permitted by Section 7.02(b);

(c) Liens for Taxes not yet due or which are being contested in good faith and by appropriate proceedings diligently conducted, if adequate reserves with respect thereto are maintained on the books of the applicable Person in accordance with GAAP;

(d) statutory Liens such as carriers', warehousemen's, mechanics', materialmen's, repairmen's or other like Liens arising in the ordinary course of business which are not overdue for a period of more than thirty (30) days or which are being contested in good faith and by appropriate proceedings diligently conducted; *provided* that adequate reserves with respect thereto are maintained on the books of the applicable Person;

(e) pledges or deposits in the ordinary course of business in connection with workers' compensation, unemployment insurance and other social security legislation, other than any Lien imposed by ERISA;

(f) deposits to secure the performance of bids, trade contracts and leases (other than Indebtedness), statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature incurred in the ordinary course of business;

(g) easements, rights-of-way, restrictions and other similar encumbrances affecting real property which, in the aggregate, are not substantial in amount, and which do not in any case materially detract from the value of the property subject thereto or materially interfere with the ordinary conduct of the business of the applicable Person;

(h) Liens securing judgments for the payment of money (or appeal or other surety bonds relating to such judgments) not constituting an Event of Default under Section 8.01(h);

(i) Liens securing Indebtedness permitted under Section 7.02(c); *provided* that (i) such Liens do not at any time encumber any property other than the property financed by such Indebtedness and (ii) the Indebtedness secured thereby does not exceed the cost or fair market value, whichever is lower, of the property being acquired on the date of acquisition;

(j) bankers' Liens, rights of setoff and other similar Liens existing solely with respect to cash and Cash Equivalents on deposit in one or more accounts maintained by the Borrower or any of its Subsidiaries with any Lender, in each case in the ordinary course of business in favor of the bank or banks with which such accounts are maintained, securing solely the customary amounts owing to such bank with respect to cash management and operating account arrangements; *provided*, that in no case shall any such Liens secure (either directly or indirectly) the repayment of any Indebtedness;

(k) Liens arising out of judgments or awards not resulting in an Event of Default; *provided* the applicable Loan Party or Subsidiary shall in good faith be prosecuting an appeal or proceedings for review;

(l) any interest or title of a lessor, licensor or sublessor under any lease, license or sublease entered into by any Loan Party or any Subsidiary thereof in the ordinary course of business and covering only the assets so leased, licensed or subleased;

(m) Liens on property of a Person existing at the time such Person is merged into or consolidated with the Borrower or any Subsidiary of the Borrower or becomes a Subsidiary of the Borrower; *provided* that such Liens were not created in contemplation of such merger, consolidation or Investment and do not extend to any assets other than those of the Person merged into or consolidated with the Borrower or such Subsidiary or acquired by the Borrower or such Subsidiary, and the applicable Indebtedness secured by such Lien is permitted under Section 7.02(f); and

(n) other Liens securing Indebtedness outstanding in an aggregate principal amount not to exceed \$10,000,000.

7.02 Indebtedness.

Create, incur, assume or suffer to exist any Indebtedness, except:

(a) Indebtedness under the Loan Documents;

(b) Indebtedness outstanding on the date hereof and listed on Schedule 7.02 and any refinancings, refundings, renewals or extensions thereof; *provided* that the amount of such Indebtedness is not increased at the time of such refinancing, refunding, renewal or extension except by an amount equal to a reasonable premium or other reasonable amount paid, and fees and expenses reasonably incurred, in connection with such refinancing and by an amount equal to any

existing commitments unutilized thereunder and the direct or any contingent obligor with respect thereto is not changed, as a result of or in connection with such refinancing, refunding, renewal or extension; and, still further, that the terms relating to principal amount, amortization, maturity, collateral (if any) and subordination, standstill and related terms (if any), and other material terms taken as a whole, of any such refinancing, refunding, renewing or extending Indebtedness, and of any agreement entered into and of any instrument issued in connection therewith, are no less favorable in any material respect to the Loan Parties or the Lenders than the terms of any agreement or instrument governing the Indebtedness being refinanced, refunded, renewed or extended and the interest rate applicable to any such refinancing, refunding, renewing or extending Indebtedness does not exceed the then applicable market interest rate;

(c) Indebtedness in respect of Capitalized Leases, Synthetic Lease Obligations and purchase money obligations for fixed or capital assets within the limitations set forth in Section 7.01(i);

(d) (i) unsecured Indebtedness of a Loan Party owed to any other Loan Party and (ii) unsecured indebtedness of any Subsidiary of the Borrower that is not a Loan Party to any other Subsidiary of the Borrower that is not a Loan Party, and (iii) unsecured Indebtedness of a Loan Party to a Subsidiary that is not a Loan Party or unsecured Indebtedness of a Subsidiary that is not a Loan Party to a Loan Party, which Indebtedness shall (A) to the extent required by the Administrative Agent, be evidenced by promissory notes, (B) be on terms (including subordination terms) acceptable to the Administrative Agent and (C) be otherwise permitted under the provisions of Section 7.03 ("Intercompany Debt");

(e) Guarantees of the Borrower or any Subsidiary in respect of Indebtedness otherwise permitted hereunder of the Borrower or any wholly-owned Subsidiary;

(f) Indebtedness of any Person that becomes a Subsidiary of the Borrower after the date hereof in a transaction permitted hereunder; *provided* that such Indebtedness is existing at the time such Person becomes a Subsidiary of the Borrower and was not incurred solely in contemplation of such Person's becoming a Subsidiary of the Borrower;

(g) other secured Indebtedness subject to Liens permitted under Section 7.01 in an aggregate principal amount not to exceed \$10,000,000 at any time; and

(h) (x) other unsecured Indebtedness not contemplated by the above provisions so long as, both before and immediately after giving effect to the incurrence of such Indebtedness, the Consolidated Leverage Ratio is less than 2.5 to 1.0 on a Pro Forma Basis; or (y) other unsecured Indebtedness not contemplated by the above provisions in an aggregate amount not to exceed \$20,000,000 so long as, both before and immediately after giving effect to the incurrence of such Indebtedness, the Consolidated Leverage Ratio is greater than or equal to 2.5 to 1.0 and less than 3.0 to 1.0 on a Pro Forma Basis; or (y) other unsecured Indebtedness not contemplated by the above provisions in an aggregate amount not to exceed \$5,000,000 so long as, both before and immediately after giving effect to the incurrence of such Indebtedness, the Consolidated Leverage Ratio is greater than or equal to 3.0 to 1.0 on a Pro Forma Basis.

Notwithstanding the foregoing, the aggregate principal amount of Indebtedness of Foreign Subsidiaries incurred in reliance on clause (h) above shall not at any time exceed the greater of (x) \$10,000,000 and (y) 2.0% of the consolidated total assets of the Borrower and its Subsidiaries (based upon and as of the date of delivery of the most recent consolidated financial statements of the Borrower).

7.03 Investments.

Make or hold any Investments, except:

(a) Investments held by the Borrower and its Subsidiaries in the form of cash or Cash Equivalents;

(b) (i) Investments by the Borrower and its Subsidiaries in their respective Subsidiaries outstanding on the date hereof, (ii) additional Investments by the Borrower and its Subsidiaries in Loan Parties, and (iii) additional Investments by any Subsidiaries of the Borrower that are not Loan Parties in other Subsidiaries that are not Loan Parties and (iv) so long as no Default has occurred and is continuing or would result from such Investment, additional Investments by the Loan Parties in wholly-owned Subsidiaries that are not Loan Parties, subject to the limitations set forth in Section 7.03(g) below;

(c) Investments consisting of extensions of credit in the nature of accounts receivable or notes receivable arising from the grant of trade credit in the ordinary course of business, and Investments received in satisfaction or partial satisfaction thereof from financially troubled account debtors to the extent reasonably necessary in order to prevent or limit loss;

(d) Guarantees permitted by Section 7.02;

(e) Investments existing on the date hereof (other than those referred to in Section 7.03(b)(i)) and set forth on Schedule 7.03;

(f) Permitted Acquisitions (other than of CFCs and Subsidiaries held directly or indirectly by a CFC, which Investments are covered by Section 7.03(b)(iv)); and

(g) (x) other Investments so long as, both before and immediately after giving effect to such Investments, the Consolidated Leverage Ratio is less than 2.5 to 1.0 on a Pro Forma Basis; or (y) other Investments that together with Investments permitted under Section 7.03(b)(iv) and 7.03(f) in an aggregate amount not to exceed \$20,000,000 so long as, both before and immediately after giving effect to the incurrence of such Investments, the Consolidated Leverage Ratio is greater than or equal to 2.5 to 1.0 and less than 3.0 to 1.0 on a Pro Forma Basis; or (y) other Investments that together with Investments permitted under Section 7.03(b)(iv) and 7.03(f) in an aggregate amount not to exceed \$5,000,000 so long as, both before and immediately after giving effect to the incurrence of such Investments, the Consolidated Leverage Ratio is greater than or equal to 3.0 to 1.0 on a Pro Forma Basis.

7.04 Fundamental Changes.

Merge, dissolve, liquidate, consolidate with or into another Person, or Dispose of (whether in one transaction or in a series of transactions) all or substantially all of its assets (whether now owned or hereafter acquired) to or in favor of any Person, except that, so long as no Default exists or would result therefrom:

(a) any Subsidiary may merge with (i) the Borrower; *provided* that the Borrower shall be the continuing or surviving Person, or (ii) any one or more other Subsidiaries, *provided* that when any Loan Party is merging with another Subsidiary, such Loan Party shall be the continuing or surviving Person;

(b) any Loan Party may Dispose of all or substantially all of its assets (upon voluntary liquidation or otherwise) to the Borrower or to another Loan Party;

(c) any Subsidiary that is not a Loan Party may dispose of all or substantially all its assets (including any Disposition that is in the nature of a liquidation) to (i) another Subsidiary that is not a Loan Party or (ii) to a Loan Party;

(d) in connection with any Permitted Acquisition, any Subsidiary of the Borrower may merge into or consolidate with any other Person or permit any other Person to merge into or consolidate with it; *provided* that (i) the Person surviving such merger shall be a wholly-owned Subsidiary of the Borrower and (ii) in the case of any such merger to which any Loan Party (other than the Borrower) is a party, such Loan Party is the surviving Person;

(e) so long as no Default has occurred and is continuing or would result therefrom, each of the Borrower and any of its Subsidiaries may merge into or consolidate with any other Person or permit any other Person to merge into or consolidate with it; *provided, however*, that in each case, immediately after giving effect thereto (i) in the case of any such merger to which the Borrower is a party, the Borrower is the surviving Person and (ii) in the case of any such merger to which any Loan Party (other than the Borrower) is a party, such Loan Party is the surviving Person; and

(f) Dispositions permitted by Section 7.05.

7.05 Dispositions.

Make any Disposition or enter into any agreement to make any Disposition, except:

(a) Permitted Transfers;

(b) Dispositions of obsolete or worn out property, whether now owned or hereafter acquired, in the ordinary course of business;

(c) Dispositions of equipment or real property to the extent that (i) such property is exchanged for credit against the purchase price of similar replacement property or (ii) the proceeds of such Disposition are reasonably promptly applied to the purchase price of such replacement property;

(d) Dispositions permitted by Section 7.04; and

(e) other Dispositions so long as (i) the consideration paid in connection therewith shall be cash or Cash Equivalents paid contemporaneously with consummation of the transaction and shall be in an amount not less than the fair market value of the property disposed of, (ii) if such transaction is a Sale and Leaseback Transaction, such transaction is not prohibited by the terms of Section 7.14, (iii) such transaction does not involve the sale or other disposition of a minority Equity Interests in any Subsidiary, (iv) such transaction does not involve a sale or other disposition of receivables other than receivables owned by or attributable to other property concurrently being disposed of in a transaction otherwise permitted under this Section 7.05, (v) the aggregate net book value of all of the assets sold or otherwise disposed of by the Loan Parties and their Subsidiaries in all such transactions in the twelve month period ending with the month in which such Disposition occurs shall not exceed 15% of the consolidated total assets of the Borrower and its Subsidiaries (based upon and as of the date of delivery of the most recent Consolidated financial statements

furnished pursuant to Section 6.01(a) or 6.01(b), as applicable; and (vi) the aggregate net book value of all of the assets sold or otherwise disposed of by the Loan Parties and their Subsidiaries in all such transactions for the period since the date of this Agreement shall not exceed 25% of the consolidated total assets of the Borrower and its Subsidiaries (based upon and as of the date of delivery of the most recent Consolidated financial statements furnished pursuant to Section 6.01(a) or 6.01(b), as applicable).

7.06 Restricted Payments.

Declare or make, directly or indirectly, any Restricted Payment, or incur any obligation (contingent or otherwise) to do so, except that, so long as no Default shall have occurred and be continuing at the time of any action described below or would result therefrom:

(a) each Subsidiary may make Restricted Payments to any Person that owns Equity Interests in such Subsidiary, ratably according to their respective holdings of the type of Equity Interest in respect of which such Restricted Payment is being made;

(b) the Borrower and each Subsidiary may declare and make dividend payments or other distributions payable solely in common Equity Interests of such Person;

(c) the Borrower and each Subsidiary may make earnout payments with respect to Investments to the extent permitted by Section 7.03;

(d) the Borrower and each Subsidiary may make payments of deferred purchase price in any Permitted Acquisition; and

(e) (x) other Restricted Payments so long as, both before and immediately after giving effect to such Restricted Payments, the Consolidated Leverage Ratio is less than 3.0 to 1.0 on a Pro Forma Basis; or (y) other Restricted Payments in an aggregate amount not to exceed \$10,000,000 in any Fiscal Year so long as, both before and immediately after giving effect to such Restricted Payments the Consolidated Leverage Ratio is greater than or equal to 3.0 to 1.0 on a Pro Forma Basis.

7.07 Change in Nature of Business.

Engage to any material extent in any line of business substantially different from those lines of business conducted by the Borrower and its Subsidiaries on the date hereof or any business reasonably related, incidental or complementary thereto.

7.08 Transactions with Affiliates.

Enter into or permit to exist any transaction or series of transactions with any officer, director or Affiliate of such Person other than (a) advances of working capital to any Loan Party, (b) transfers of cash and assets to any Loan Party, (c) intercompany transactions expressly permitted by this Agreement, (d) normal and reasonable compensation and reimbursement of expenses of officers and directors and (e) except as otherwise specifically limited in this Agreement, other transactions which are entered into in the ordinary course of such Person's business on fair and reasonable terms and conditions substantially as

favorable to such Person as would be obtainable by it in a comparable arm's length transaction with a Person other than an officer, director or Affiliate.

7.09 Burdensome Agreements.

Enter into, or permit to exist, any Contractual Obligation (except for this Agreement and the other Loan Documents) that encumbers or restricts the ability of any such Person to (i) to act as a Loan Party, (ii) make Restricted Payments to any Loan Party, (iii) pay any Indebtedness or other obligation owed to any Loan Party, (iv) make loans or advances to any Loan Party, or (v) create any Lien upon any of their properties or assets, whether now owned or hereafter acquired, except, in the case of clause (a)(v) only, for any document or instrument governing Indebtedness incurred pursuant to Section 7.02(c); *provided* that any such restriction contained therein relates only to the asset or assets constructed or acquired in connection therewith; provided that (A) the foregoing shall not apply to restrictions and conditions imposed by law or by this Agreement, (B) the foregoing shall not apply to restrictions and conditions existing on the date hereof identified on Schedule 7.09 (but shall apply to any extension or renewal of, or any amendment or modification expanding the scope of, any such restriction or condition), (C) the foregoing shall not apply to customary restrictions and conditions contained in agreements relating to the sale of a Subsidiary pending such sale, provided that such restrictions and conditions apply only to the Subsidiary that is to be sold and such sale is permitted hereunder, and (D) the foregoing shall not apply to customary provisions in leases and other contracts restricting the assignment thereof.

7.10 Use of Proceeds.

Use the proceeds of any Credit Extension, whether directly or indirectly, and whether immediately, incidentally or ultimately, to purchase or carry margin stock (within the meaning of Regulation U) or to extend credit to others for the purpose of purchasing or carrying margin stock or to refund indebtedness originally incurred for such purpose.

7.11 Financial Covenants.

(a) Consolidated Interest Coverage Ratio. Permit the Consolidated Interest Coverage Ratio as of the end of any Measurement Period ending as of the end of any fiscal quarter of the Borrower to be less than 3.50 to 1.

(b) Consolidated Leverage Ratio. Permit the Consolidated Leverage Ratio as of the end of any Measurement Period ending as of the end of any fiscal quarter of the Borrower to be greater than 3.50 to 1.

7.12 Change its Fiscal Year; Legal Name, State of Formation; Form of Entity and Accounting Changes.

(a) Change its fiscal year;

(b) without providing ten (10) days prior written notice to the Administrative Agent (or such extended period of time as agreed to by the Administrative Agent), change its name, state of formation, form of organization or principal place of business; or

(c) make any change in accounting policies or reporting practices, except as required by GAAP.

7.13 Sale and Leaseback Transactions.

Enter into any Sale and Leaseback Transaction involving property of a Loan Party with a fair market value in excess of the Threshold Amount.

7.14 Sanctions.

Directly or indirectly, use any Credit Extension or the proceeds of any Credit Extension, or lend, contribute or otherwise make available such Credit Extension or the proceeds of any Credit Extension to any Person, to fund any activities of or business with any Person, that, at the time of such funding, is the subject of Sanctions, or in any other manner that will result in a violation by any Person (including any Person participating in the transaction, whether as Lender, Arranger, Administrative Agent, L/C Issuer, Swingline Lender, or otherwise) of Sanctions.

7.15 Anti-Corruption Laws.

Directly or indirectly, use any Credit Extension or the proceeds of any Credit Extension for any purpose which would breach the United States Foreign Corrupt Practices Act of 1977, the UK Bribery Act 2010 and other anti-corruption legislation in other jurisdictions.

ARTICLE VIII

EVENTS OF DEFAULT AND REMEDIES

8.01 Events of Default.

Any of the following shall constitute an event of default (each, 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 and in the currency required hereunder, any amount of principal of any Loan or any L/C Obligation or deposit any funds as Cash Collateral in respect of L/C Obligations, or (ii) within three (3) Business Days after the same becomes due, any interest on any Loan or on any L/C Obligation, or any fee due hereunder, or (iii) within five (5) Business Days after the same becomes due, any other amount payable hereunder or under any other Loan Document; or

(b) Specific Covenants. Any Loan Party fails to perform or observe any term, covenant or agreement contained in any of Section 6.01, 6.02, 6.03, 6.05, 6.08, 6.10, 6.11, 6.12, 6.15, Article VII or Article X; or

(c) Other Defaults. Any Loan Party fails to perform or observe any other covenant or agreement (not specified in Section 8.01(a) or (b) above) contained in any Loan Document on its part to be performed or observed and such failure continues for thirty (30) days after any Loan Party has knowledge or notice thereof; or

(d) 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 (i) with respect to any representation, warranty, certification or statement of fact that contain a materiality qualifier, incorrect or misleading when made or deemed made or (ii) with respect to any representation, warranty, certification or statement of fact that does not contain a materiality qualifier, incorrect or misleading in any material respect when made or deemed made; or

(e) Cross-Default. (i) Any Loan Party or any Subsidiary thereof (A) fails to make any payment when due (whether by scheduled maturity, required prepayment, acceleration, demand, or otherwise) in respect of any Indebtedness or Guarantee (other than Indebtedness hereunder and Indebtedness under Swap Contracts) having an aggregate principal amount (including undrawn committed or available amounts and including amounts owing to all creditors under any combined or syndicated credit arrangement) of more than the Threshold Amount, or (B) fails to observe or perform any other agreement or condition relating to any such Indebtedness or Guarantee or contained in any instrument or agreement evidencing, securing or relating thereto, or any other event occurs, the effect of which default or other event is to cause, or to permit the holder or holders of such Indebtedness or the beneficiary or beneficiaries of such Guarantee (or a trustee or agent on behalf of such holder or holders or beneficiary or beneficiaries) to cause, with the giving of notice if required, such Indebtedness to be demanded or to become due or to be repurchased, prepaid, defeased or redeemed (automatically or otherwise), or an offer to repurchase, prepay, defease or redeem such Indebtedness to be made, prior to its stated maturity, or such Guarantee to become payable or Cash Collateral in respect thereof to be demanded; or (ii) there occurs under any Swap Contract an Early Termination Date (as defined in such Swap Contract) resulting from (A) any event of default under such Swap Contract as to which a Loan Party or any Subsidiary thereof is the Defaulting Party (as defined in such Swap Contract) or (B) any Termination Event (as so defined) under such Swap Contract as to which a Loan Party or any Subsidiary thereof is an Affected Party (as so defined) and, in either event, the Swap Termination Value owed by such Loan Party or such Subsidiary as a result thereof is greater than the Threshold Amount; or

(f) Insolvency Proceedings, Etc. Any Loan Party or any Subsidiary thereof 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 sixty (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 sixty (60) calendar days, or an order for relief is entered in any such proceeding; or

(g) Inability to Pay Debts; Attachment. (i) Any Loan Party or any Subsidiary thereof 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 thirty (30) days after its issue or levy; or

(h) Judgments. There is entered against any Loan Party or any Subsidiary thereof (i) one or more final judgments or orders for the payment of money in an aggregate amount (as to all such judgments and orders) exceeding the Threshold Amount (to the extent not covered by independent third-party insurance as to which the insurer is rated at least "A" by A.M. Best Company, has been notified of the potential claim and does not dispute coverage), or (ii) any one or more non-monetary final judgments that have, or could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect and, in either case, (A) enforcement proceedings are commenced by any creditor upon such judgment or order, or (B) there is a period of ten (10) consecutive days during which a stay of enforcement of such judgment, by reason of a pending appeal or otherwise, is not in effect; or

(i) ERISA. (i) An ERISA Event occurs with respect to a Pension Plan or Multiemployer Plan which has resulted or could reasonably be expected to result in liability of any Loan Party under Title IV of ERISA to the Pension Plan, Multiemployer Plan or the PBGC in an aggregate amount in excess of the Threshold Amount, 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 in an aggregate amount in excess of the Threshold Amount; or

(j) Invalidation of Loan Documents. Any material provision of any Loan Document, at any time after its execution and delivery and for any reason other than as expressly permitted hereunder or thereunder or satisfaction in full of all Obligations arising under the Loan Documents, ceases to be in full force and effect in any material respect; or any Loan Party or any other Person contests in writing the validity or enforceability of any provision of any Loan Document; or any Loan Party denies in writing that it has any or further liability or obligation under any provision of any Loan Document, or purports to revoke, terminate or rescind in writing any provision of any Loan Document; or it is or becomes unlawful for a Loan Party to perform any of its obligations under the Loan Documents; or

(k) Change of Control. There occurs any Change of Control.

Without limiting the provisions of Article IX, if a Default shall have occurred under the Loan Documents, then such Default will continue to exist until it either is cured (to the extent specifically permitted) in accordance with the Loan Documents or is otherwise expressly waived by Administrative Agent (with the approval of requisite Appropriate Lenders (in their sole discretion)) as determined in accordance with Section 11.01; and once an Event of Default occurs under the Loan Documents, then such Event of Default will continue to exist until it is expressly waived by the requisite Appropriate Lenders or by the Administrative Agent with the approval of the requisite Appropriate Lenders, as required hereunder in Section 11.01.

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 Minimum Collateral Amount with respect thereto); 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 or Applicable Law or equity;

provided, however, that upon the occurrence of an actual or deemed entry of an order for relief with respect to the Borrower or any Loan Party 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.

(a) 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) or if at any time insufficient funds are received by and available to the Administrative Agent to pay fully all Obligations then due hereunder, any amounts received on account of the Obligations shall, subject to the provisions of Sections 2.14 and 2.15, 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, the Foreign Obligation Providers and the L/C Issuer (including fees, charges and disbursements of counsel to the respective Lenders, the Foreign Obligation Providers and the L/C Issuer (including fees and time charges for attorneys who may be employees of any Lender or the L/C Issuer)) arising under the Loan Documents and the Foreign Obligation Loan Documents and amounts payable under Article III, ratably among them in proportion to the respective amounts described in this *Second* clause 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 Secured Obligations arising under the Loan Documents and the Foreign Obligation Loan Documents, ratably among the Lenders, the Foreign Obligation Providers and the L/C Issuer in proportion to the respective amounts described in this *Third* clause payable to them;

Fourth, to payment of that portion of the Secured Obligations constituting unpaid principal of the Loans, L/C Borrowings and Secured Obligations then owing under the Foreign Obligation Loan Documents, the Secured Hedge Agreements and Secured Cash Management Agreements and to the 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 2.03 and 2.14 and to the Foreign Obligation Providers, to cash collateralize undrawn contingent liability obligations owing to such Foreign Obligation Provider under the Foreign Obligation Loan Documents to the extent not otherwise cash collateralized by the applicable Foreign Subsidiary, in each case ratably among the Administrative Agent, the Lenders, the Foreign Obligation Providers, the L/C Issuer, the Hedge Banks and the Cash Management Banks in proportion to the respective amounts described in this *Fourth* clause held by them; 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.

(b) Subject to Sections 2.03(c) and 2.14, amounts used to Cash Collateralize the aggregate undrawn amount of Letters of Credit pursuant to the Fourth clause above shall be applied to satisfy drawings under such Letters of Credit as they occur. If any amount remains on deposit as Cash Collateral after all Letters of Credit have either been fully drawn or expired, such remaining amount shall be applied to the other Secured Obligations, if any, in the order set forth above. Excluded Swap Obligations with respect to any Loan Party shall not be paid with amounts received from such Loan Party or its assets, but appropriate adjustments shall be made with respect to payments from other Loan Parties to preserve the allocation to Secured Obligations otherwise set forth above in this Section 8.03.

(c) Notwithstanding the foregoing, Secured Obligations arising under Secured Cash Management Agreements and Secured Hedge Agreements shall be excluded from the application described above if the Administrative Agent has not received a Secured Party Designation Notice, together with such supporting documentation as the Administrative Agent may request, from the applicable Cash Management Bank or Hedge Bank, as the case may be. Each Cash Management Bank or Hedge Bank not a party to this Agreement that has given the notice contemplated by the preceding sentence shall, by such notice, be deemed to have acknowledged and accepted the appointment of the Administrative Agent pursuant to the terms of Article IX for itself and its Affiliates as if a “Lender” party hereto.

ARTICLE IX

ADMINISTRATIVE AGENT

9.01 Appointment and Authority.

(a) Appointment. Each of the Lenders and the L/C Issuer hereby irrevocably appoints, designates and authorizes Bank of America 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 IX 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. In addition, to the extent required under the laws of any jurisdiction other than the United States of America, each of the Lenders hereby grants to the Administrative Agent any required powers of attorney to execute any Loan Document governed by the laws of such jurisdiction on such Lender’s behalf.

(b) Collateral Agent. The Administrative Agent shall also act as the “collateral agent” under the Loan Documents, and each of the Lenders (including in its capacities as a potential Hedge Bank, potential Foreign Obligation Provider and a potential Cash Management Bank) and the L/C Issuer hereby irrevocably appoints and authorizes the Administrative Agent to act as the agent of such Lender and the L/C Issuer for purposes of acquiring, holding and enforcing any and all Liens

on Collateral granted by any of the Loan Parties to secure any of the Secured Obligations, together with such powers and discretion as are reasonably incidental thereto. In this connection, the Administrative Agent, as “collateral agent” and any co-agents, sub-agents and attorneys-in-fact appointed by the Administrative Agent pursuant to Section 9.05 for purposes of holding or enforcing any Lien on the Collateral (or any portion thereof) granted under the Collateral Documents, or for exercising any rights and remedies thereunder at the direction of the Administrative Agent, shall be entitled to the benefits of all provisions of this Article IX and Article XI (including Section 11.04(c)), as though such co-agents, sub-agents and attorneys-in-fact were the “collateral agent” under the Loan Documents) as if set forth in full herein with respect thereto.

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, own securities of, act as the financial advisor or in any other advisory capacity for and generally engage in any kind of banking, trust, financial, advisory, underwriting or other business with any Loan Party 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 or to provide notice to or consent of the Lenders with respect thereto.

9.03 Exculpatory Provisions.

(a) The Administrative Agent shall not have any duties or obligations except those expressly set forth herein and in the other Loan Documents, and its duties hereunder shall be administrative in nature. Without limiting the generality of the foregoing, the Administrative Agent and its Related Parties:

(i) shall not be subject to any fiduciary or other implied duties, regardless of whether a Default has occurred and is continuing;

(ii) 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, including for the avoidance of doubt any action that may be in violation of the automatic stay under any Debtor Relief Law or that may effect a forfeiture, modification or termination of property of a Defaulting Lender in violation of any Debtor Relief Law; and

(iii) shall not, except as expressly set forth herein and in the other Loan Documents, have any duty or responsibility to disclose, and shall not be liable for the failure to disclose, any information relating to any Loan Party 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.

(b) Neither the Administrative Agent nor any of its Related Parties shall be liable for any action taken or not taken by the Administrative Agent under or in connection with this Agreement or any other Loan Document or the transactions contemplated hereby or thereby (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 11.01 and 8.02) or (ii) in the absence of its own gross negligence or willful misconduct as determined by a court of competent jurisdiction by final and non-appealable judgment. The Administrative Agent shall be deemed not to have knowledge of any Default unless and until notice describing such Default is given in writing to the Administrative Agent by the Borrower, a Lender or the L/C Issuer.

(c) Neither the Administrative Agent nor any of its Related Parties have any duty or obligation to any Lender or participant or any other Person 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 the creation, perfection or priority of any Lien purported to be created by the Collateral Documents, (v) the value or the sufficiency of any Collateral, or (vi) 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 be fully protected in relying and shall not incur any liability for relying upon, any notice, request, certificate, communication, 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 be fully protected in relying 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, extension, renewal or increase 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 Loan Parties), 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. For purposes of determining compliance with the conditions specified in 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 objections.

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 IX 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 Facilities 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.

(a) Notice. 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 thirty (30) days after the retiring Administrative Agent gives notice of its resignation (or such earlier day as shall be agreed by the Required Lenders) (the "Resignation Effective Date"), then the retiring Administrative Agent may (but shall not be obligated to) on behalf of the Lenders and the L/C Issuer, appoint a successor Administrative Agent meeting the qualifications set forth above; *provided* that in no event shall any successor Administrative Agent be a Defaulting Lender. Whether or not a successor has been appointed, such resignation shall become effective in accordance with such notice on the Resignation Effective Date.

(b) Effect of Resignation. With effect from the Resignation Effective Date (i) the retiring Administrative Agent shall be discharged from its duties and obligations hereunder and under the other Loan Documents (except that in the case of any collateral security held by the Administrative Agent on behalf of the Lenders or the L/C Issuer under any of the Loan Documents, the retiring Administrative Agent shall continue to hold such collateral security until such time as a successor Administrative Agent is appointed) and (ii) except for any indemnity payments or other amounts then owed to the retiring Administrative Agent, 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, if any, as the Required Lenders appoint a successor Administrative Agent as provided for above. 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 Administrative Agent (other than as provided in Section 3.01(g) and other than any rights to indemnity payments or other amounts owed to the retiring Administrative Agent as of the Resignation Effective Date), 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 9.06). 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 XI and Section 11.04 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 (A) while the retiring Administrative Agent was acting as Administrative Agent and (B) after such resignation or removal for as long as any of them continues to act in any capacity hereunder or under the other Loan Documents, including, without limitation, (1) acting as collateral agent or otherwise holding any

collateral security on behalf of any of the Secured Parties and (2) in respect of any actions taken in connection with transferring the agency to any successor Administrative Agent.

(c) L/C Issuer and Swingline Lender. Any resignation by Bank of America as Administrative Agent pursuant to this Section 9.06 shall also constitute its resignation as L/C Issuer and Swingline Lender. If Bank of America resigns as the 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 the L/C Issuer and all L/C Obligations with respect thereto, including the right to require the Lenders to make Base Rate Loans or fund risk participations in Unreimbursed Amounts pursuant to Section 2.03(c). If Bank of America resigns as Swingline Lender, it shall retain all the rights of the Swingline Lender provided for hereunder with respect to Swingline 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 Loans or fund risk participations in outstanding Swingline Loans pursuant to Section 2.04(c). Upon the appointment by the Borrower of a successor L/C Issuer or Swingline Lender hereunder (which successor shall in all cases be a Lender other than a Defaulting Lender), (i) such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring L/C Issuer or Swingline Lender, as applicable, (ii) the retiring L/C Issuer and Swingline Lender shall be discharged from all of their respective duties and obligations hereunder or under the other Loan Documents, and (iii) 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 Bank of America to effectively assume the obligations of Bank of America with respect to such Letters of Credit.

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, none of the titles 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, the Arranger, a Lender or the L/C Issuer hereunder.

9.09 Administrative Agent May File Proofs of Claim; Credit Bidding.

(a) 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:

(i) 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 2.03(h) and (i), 2.09, 2.10(b) and 11.04) allowed in such judicial proceeding; and

(ii) 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 2.09, 2.10(b) and 11.04.

(b) 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 or in any such proceeding.

9.10 Collateral and Guaranty Matters.

(a) Each of the Lenders (including in its capacities as a potential Cash Management Bank, potential Foreign Obligation Provider and a potential Hedge Bank) and the L/C Issuer irrevocably authorize the Administrative Agent, at its option and in its discretion,

(i) to release any Lien on any property granted to or held by the Administrative Agent under any Loan Document (i) upon the Facility Termination Date, (ii) that is sold or otherwise disposed of or to be sold or otherwise disposed of as part of or in connection with any sale or other disposition permitted hereunder or under any other Loan Document, or (iii) if approved, authorized or ratified in writing by the Required Lenders in accordance with Section 11.01;

(ii) to subordinate any Lien on any property granted to or held by the Administrative Agent under any Loan Document to the holder of any Lien on such property that is permitted by Section 7.01(i); and

(iii) to release any Guarantor from its obligations under the Guaranty if such Person ceases to be a Subsidiary as a result of a transaction permitted under the Loan Documents.

(b) Upon request by the Administrative Agent at any time, the Required Lenders will confirm in writing the Administrative Agent's authority to release or subordinate its interest in particular types or items of property, or to release any Guarantor from its obligations under the

Guaranty pursuant to this Section 9.10. In each case as specified in this Section 9.10, the Administrative Agent will, at the Borrower's expense, execute and deliver to the applicable Loan Party such documents as such Loan Party may reasonably request to evidence the release of such item of Collateral from the assignment and security interest granted under the Collateral Documents or to subordinate its interest in such item, or to release such Guarantor from its obligations under the Guaranty, in each case in accordance with the terms of the Loan Documents and this Section 9.10.

(c) The Administrative Agent shall not be responsible for or have a duty to ascertain or inquire into any representation or warranty regarding the existence, value or collectability of the Collateral, the existence, priority or perfection of the Administrative Agent's Lien thereon, or any certificate prepared by any Loan Party in connection therewith, nor shall the Administrative Agent be responsible or liable to the Lenders for any failure to monitor or maintain any portion of the Collateral.

9.11 Secured Cash Management Agreements and Secured Hedge Agreements.

Except as otherwise expressly set forth herein or in any Guaranty, no Cash Management Bank, Foreign Obligation Provider or Hedge Bank that obtains the benefit of the provisions of Section 8.03 or the Guaranty by virtue of the provisions hereof shall have any right to notice of any action or to consent to, direct or object to any action hereunder or under any other Loan Document (or to notice of or to consent to any amendment, waiver or modification of the provisions hereof or of the Guaranty) other than in its capacity as a Lender and, in such case, only to the extent expressly provided in the Loan Documents. Notwithstanding any other provision of this Article IX to the contrary, the Administrative Agent shall not be required to verify the payment of, or that other satisfactory arrangements have been made with respect to, Secured Obligations arising under Secured Cash Management Agreements and Secured Hedge Agreements except to the extent expressly provided herein and unless the Administrative Agent has received a Secured Party Designation Notice of such Secured Obligations, together with such supporting documentation as the Administrative Agent may request, from the applicable Cash Management Bank, Foreign Obligation Provider or Hedge Bank, as the case may be. The Administrative Agent shall not be required to verify the payment of, or that other satisfactory arrangements have been made with respect to, Secured Obligations arising under Secured Cash Management Agreements and Secured Hedge Agreements in the case of a Facility Termination Date.

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 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) 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 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 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).

ARTICLE X

CONTINUING GUARANTY

10.01 Guaranty.

Each Guarantor hereby absolutely and unconditionally, jointly and severally guarantees, as primary obligor and as a guaranty of payment and performance and not merely as a guaranty of collection, prompt payment when due, whether at stated maturity, by required prepayment, upon acceleration, demand or otherwise, and at all times thereafter, of any and all Obligations (for each Guarantor, subject to the proviso in this sentence, its “*Guaranteed Obligations*”); *provided* that (a) the Guaranteed Obligations of a Guarantor shall exclude any Excluded Swap Obligations with respect to such Guarantor and (b) the liability of each Guarantor individually with respect to this Guaranty shall be limited to an aggregate amount equal to the largest amount that would not render its obligations hereunder subject to avoidance under Section 548 of the Bankruptcy Code of the United States or any comparable provisions of any applicable state law or other Applicable Law. Without limiting the generality of the foregoing, the Guaranteed Obligations shall include any such indebtedness, obligations, and liabilities, or portion thereof, which may be or hereafter become

unenforceable or compromised or shall be an allowed or disallowed claim under any proceeding or case commenced by or against any debtor under any Debtor Relief Laws. The Administrative Agent's books and records showing the amount of the Obligations shall be admissible in evidence in any action or proceeding, and shall be binding upon each Guarantor, and conclusive for the purpose of establishing the amount of the Obligations. This Guaranty shall not be affected by the genuineness, validity, regularity or enforceability of the Obligations or any instrument or agreement evidencing any Obligations, or by the existence, validity, enforceability, perfection, non-perfection or extent of any collateral therefor, or by any fact or circumstance relating to the Obligations which might otherwise constitute a defense to the obligations of the Guarantors, or any of them, under this Guaranty, and each Guarantor hereby irrevocably waives any defenses it may now have or hereafter acquire in any way relating to any or all of the foregoing.

10.02 Rights of Lenders.

Each Guarantor consents and agrees that the Secured Parties may, at any time and from time to time, without notice or demand to the Guarantors, and without affecting the enforceability or continuing effectiveness hereof: (a) amend, extend, renew, compromise, discharge, accelerate or otherwise change the time for payment or the terms of the Obligations or any part thereof; (b) take, hold, exchange, enforce, waive, release, fail to perfect, sell, or otherwise dispose of any security for the payment of this Guaranty or any Obligations; (c) apply such security and direct the order or manner of sale thereof as the Administrative Agent, the L/C Issuer and the Lenders in their sole discretion may determine; and (d) release or substitute one or more of any endorsers or other guarantors of any of the Obligations. Without limiting the generality of the foregoing, each Guarantor consents to the taking of, or failure to take, any action which might in any manner or to any extent vary the risks of such Guarantor under this Guaranty or which, but for this provision, might operate as a discharge of such Guarantor.

10.03 Certain Waivers.

Each Guarantor waives (a) any defense arising by reason of any disability or other defense of the Borrower or any other guarantor, or the cessation from any cause whatsoever of the liability of the Borrower or any other Loan Party; (b) any defense based on any claim that such Guarantor's obligations exceed or are more burdensome than those of the Borrower or any other Loan Party; (c) the benefit of any statute of limitations affecting any Guarantor's liability hereunder; (d) any right to proceed against the Borrower or any other Loan Party, proceed against or exhaust any security for the Obligations, or pursue any other remedy in the power of any Secured Party whatsoever; (e) any benefit of and any right to participate in any security now or hereafter held by any Secured Party; and (f) to the fullest extent permitted by law, any and all other defenses or benefits that may be derived from or afforded by Applicable Law limiting the liability of or exonerating guarantors or sureties. Each Guarantor expressly waives all setoffs and counterclaims and all presentments, demands for payment or performance, notices of nonpayment or nonperformance, protests, notices of protest, notices of dishonor and all other notices or demands of any kind or nature whatsoever with respect to the Obligations, and all notices of acceptance of this Guaranty or of the existence, creation or incurrence of new or additional Obligations.

10.04 Obligations Independent.

The obligations of each Guarantor hereunder are those of primary obligor, and not merely as surety, and are independent of the Obligations and the obligations of any other guarantor, and a separate action may be brought against each Guarantor to enforce this Guaranty whether or not the Borrower or any other person or entity is joined as a party.

10.05 Subrogation.

No Guarantor shall exercise any right of subrogation, contribution, indemnity, reimbursement or similar rights with respect to any payments it makes under this Guaranty until all of the Obligations and any amounts payable under this Guaranty have been indefeasibly paid and performed in full and the Commitments and the Facilities are terminated. If any amounts are paid to a Guarantor in violation of the foregoing limitation, then such amounts shall be held in trust for the benefit of the Secured Parties and shall forthwith be paid to the Secured Parties to reduce the amount of the Obligations, whether matured or unmatured.

10.06 Termination; Reinstatement.

This Guaranty is a continuing and irrevocable guaranty of all Obligations now or hereafter existing and shall remain in full force and effect until the Facility Termination Date. Notwithstanding the foregoing, this Guaranty shall continue in full force and effect or be revived, as the case may be, if any payment by or on behalf of the Borrower or a Guarantor is made, or any of the Secured Parties exercises its right of setoff, in respect of the Obligations 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 any of the Secured Parties in their discretion) to be repaid to a trustee, receiver or any other party, in connection with any proceeding under any Debtor Relief Laws or otherwise, all as if such payment had not been made or such setoff had not occurred and whether or not the Secured Parties are in possession of or have released this Guaranty and regardless of any prior revocation, rescission, termination or reduction. The obligations of each Guarantor under this Section 10.06 shall survive termination of this Guaranty.

10.07 Stay of Acceleration.

If acceleration of the time for payment of any of the Obligations is stayed, in connection with any case commenced by or against a Guarantor or the Borrower under any Debtor Relief Laws, or otherwise, all such amounts shall nonetheless be payable by each Guarantor, jointly and severally, immediately upon demand by the Secured Parties.

10.08 Condition of Borrower.

Each Guarantor acknowledges and agrees that it has the sole responsibility for, and has adequate means of, obtaining from the Borrower and any other guarantor such information concerning the financial condition, business and operations of the Borrower and any such other guarantor as such Guarantor requires, and that none of the Secured Parties has any duty, and such Guarantor is not relying on the Secured Parties at any time, to disclose to it any information relating to the business, operations or financial condition of the Borrower or any other guarantor (each Guarantor waiving any duty on the part of the Secured Parties to disclose such information and any defense relating to the failure to provide the same).

10.09 Appointment of Borrower.

Each of the Loan Parties hereby appoints the Borrower to act as its agent for all purposes of this Agreement, the other Loan Documents and all other documents and electronic platforms entered into in connection herewith and agrees that (a) the Borrower may execute such documents and provide such authorizations on behalf of such Loan Parties as the Borrower deems appropriate in its sole discretion and each Loan Party shall be obligated by all of the terms of any such document and/or authorization executed

on its behalf, (b) any notice or communication delivered by the Administrative Agent, L/C Issuer or a Lender to the Borrower shall be deemed delivered to each Loan Party and (c) the Administrative Agent, L/C Issuer or the Lenders may accept, and be permitted to rely on, any document, authorization, instrument or agreement executed by the Borrower on behalf of each of the Loan Parties.

10.10 Right of Contribution.

The Guarantors agree among themselves that, in connection with payments made hereunder, each Guarantor shall have contribution rights against the other Guarantors as permitted under Applicable Law.

10.11 Keepwell.

Each Loan Party that is a Qualified ECP Guarantor at the time the Guaranty or the grant of a Lien under the Loan Documents, in each case, by any Specified Loan Party becomes effective with respect to any Swap Obligation, hereby jointly and severally, absolutely, unconditionally and irrevocably undertakes to provide such funds or other support to each Specified Loan Party with respect to such Swap Obligation as may be needed by such Specified Loan Party from time to time to honor all of its obligations under the Loan Documents in respect of such Swap Obligation (but, in each case, only up to the maximum amount of such liability that can be hereby incurred without rendering such Qualified ECP Guarantor's obligations and undertakings under this Article X voidable under Applicable Law relating to fraudulent conveyance or fraudulent transfer, and not for any greater amount). The obligations and undertakings of each Qualified ECP Guarantor under this Section 10.11 shall remain in full force and effect until the Obligations have been indefeasibly paid and performed in full. Each Loan Party intends this Section 10.11 to constitute, and this Section 10.11 shall be deemed to constitute, a guarantee of the obligations of, and a "keepwell, support, or other agreement" for the benefit of, each Specified Loan Party for all purposes of the Commodity Exchange Act.

ARTICLE X MISCELLANEOUS

11.01 Amendments, Etc.

(a) Subject to Section 3.03(c) and the last paragraph of this Section 11.01, 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 (or by the Administrative Agent with the consent of 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:

(i) waive any condition set forth in Section 4.01, or, in the case of the initial Credit Extension, Section 4.02, without the written consent of each Lender;

(ii) without limiting the generality of clause (a) above, waive any condition set forth in Section 4.02 as to any Credit Extension under a particular Facility without the written consent of the Required Revolving Lenders;

(iii) 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 (it being understood and agreed that a waiver of any condition precedent in Section 4.02 or of any Default or a mandatory reduction in Commitments is not considered an extension or increase in Commitments of any Lender);

(iv) postpone any date fixed by this Agreement or any other Loan Document for any payment (excluding mandatory prepayments) of principal, interest, fees or other amounts due to the Lenders (or any of them) hereunder or under such other Loan Document without the written consent of each Lender entitled to such payment;

(v) 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 11.01) any fees or other amounts payable hereunder or under any other Loan Document, without the written consent of each Lender entitled to such amount; *provided, however*, that only the consent of the Required Lenders shall be necessary 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;

(vi) change (i) any Section in a manner that would alter the pro rata sharing of payments required thereby without the written consent of each Lender or (ii) the order of application of any reduction in the Commitments or any prepayment of Loans among the Facilities from the application thereof set forth in the applicable provisions of Section 2.05(b) or 2.06(b), respectively, in any manner that materially and adversely affects the Lenders under a Facility without the written consent of the Required Revolving Lenders or (iii) Section 2.12(f) in a manner that would alter the *pro rata* application required thereby without the written consent of each Lender directly affected thereby;

(vii) change (i) any provision of this Section 11.01 or the definition of “Required Lenders” or any other provision of any Loan Document specifying the number or percentage of Lenders required to amend, waive or otherwise modify any rights hereunder or thereunder or make any determination or grant any consent hereunder (other than the definitions specified in clause (ii) of this clause (a)(vii)), without the written consent of each Lender or (ii) the definitions of “Required Revolving Lenders” without the written consent of each Lender under such Facility;

(viii) release all or substantially all of the Collateral in any transaction or series of related transactions, without the written consent of each Secured Party;

(ix) release all or substantially all of the value of the Guaranty, without the written consent of each Lender, except to the extent the release of any Subsidiary from the Guaranty is permitted pursuant to Section 9.10 (in which case such release may be made by the Administrative Agent acting alone);

(x) release the Borrower or permit the Borrower to assign or transfer any of its rights or obligations under this Agreement or the other Loan Documents without the consent of each Lender;

(xi) impose any greater restriction on the ability of any Lender to assign any of its rights or obligations hereunder without the written consent of the Required Lenders under such Facility; or

(xii) amend Section 1.09 or the definition of “Alternative Currency” without the written consent of each Lender directly affected thereby;

and *provided, further*, that (A) 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; (B) no amendment, waiver or consent shall, unless in writing and signed by the Swingline Lender in addition to the Lenders required above, affect the rights or duties of the Swingline Lender under this Agreement; (C) 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; (D) the Fee Letter may be amended, or rights or privileges thereunder waived, in a writing executed only by the parties thereto and (E) the term L/C Commitment may be amended pursuant to a fully executed (and delivered to the Administrative Agent) Notice of Additional L/C Issuer.

(b) Notwithstanding anything to the contrary herein, (i) 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, or all Lenders or each affected Lender under a Facility, may be effected with the consent of the applicable Lenders other than Defaulting Lenders), except that (A) the Commitment of any Defaulting Lender may not be increased or extended without the consent of such Lender and (B) any waiver, amendment or modification requiring the consent of all Lenders or each affected Lender, or all Lenders or each affected Lender under a Facility, that by its terms affects any Defaulting Lender disproportionately adversely relative to other affected Lenders shall require the consent of such Defaulting Lender; (ii) each Lender is entitled to vote as such Lender sees fit on any bankruptcy reorganization plan that affects the Loans, and each Lender acknowledges that the provisions of Section 1126(c) of the Bankruptcy Code of the United States supersedes the unanimous consent provisions set forth herein and (iii) the Required Lenders shall determine whether or not to allow a Loan Party to use cash collateral in the context of a bankruptcy or insolvency proceeding and such determination shall be binding on all of the Lenders.

(c) Notwithstanding anything to the contrary herein, this Agreement may be amended and restated without the consent of any Lender (but with the consent of the Borrower and the Administrative Agent) if, upon giving effect to such amendment and restatement, such Lender shall no longer be a party to this Agreement (as so amended and restated), the Commitments of such Lender shall have terminated, such Lender shall have no other commitment or other obligation hereunder and shall have been paid in full all principal, interest and other amounts owing to it or accrued for its account under this Agreement.

(d) Notwithstanding any provision herein to the contrary, this Agreement may be amended with the written consent of the Administrative Agent, the L/C Issuer, the Borrower and the Lenders affected thereby to amend the definition of “Alternative Currency” or “Eurocurrency Rate” or Section 1.09 solely to add additional currency options and the applicable interest rate with respect thereto, in each case solely to the extent permitted pursuant to Section 1.09.

(e) Notwithstanding any provision herein to the contrary, if the Administrative Agent and the Borrower acting together identify any ambiguity, omission, mistake, typographical error or other defect in any provision of this Agreement or any other Loan Document (including the schedules and exhibits thereto), then the Administrative Agent and the Borrower shall be permitted to amend, modify or supplement such provision to cure such ambiguity, omission, mistake,

typographical error or other defect, and such amendment shall become effective without any further action or consent of any other party to this Agreement.

11.02 Notices; Effectiveness; Electronic Communications.

(a) Notices Generally. Except in the case of notices and other communications expressly permitted to be given by telephone (and except as provided in clause (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 fax transmission (to the extent the recipient has provided a fax number in this Agreement) or e-mail transmission 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 or any other Loan Party, the Administrative Agent, the L/C Issuer or the Swingline Lender, to the address, fax number, e-mail address or telephone number specified for such Person on Schedule 1.01(a); and

(ii) if to any other Lender, to the address, fax number, e-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 fax transmission 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 clause (b) below shall be effective as provided in such clause (b).

This Agreement was prepared by: Lathrop Gage LLP

2345 Grand Blvd., Suite 2200
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Attention: Tom Greaves
Phone: 816.460.5810
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(b) Electronic Communications.

(i) Notices and other communications to the Administrative Agent, the Lenders, the Swingline Lender and the L/C Issuer hereunder may be delivered or furnished by electronic communication (including e-mail, FPML messaging, and Internet or intranet websites) pursuant to an electronic communications agreement (or such other procedures approved by the Administrative Agent in its sole discretion); *provided* that the foregoing shall not apply to notices to any Lender, the Swingline Lender or the L/C Issuer pursuant to Article II if such Lender, the Swingline Lender or the L/C Issuer, as applicable, has notified the Administrative Agent that it is incapable of receiving notices under such Article II by electronic communication. The Administrative Agent, the Swingline Lender, the L/C Issuer

or the Borrower may each, 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.

(ii) Unless the Administrative Agent otherwise prescribes, (A) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgment from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement) and (B) notices and other communications posted to an Internet or intranet website shall be deemed received by the intended recipient upon the sender's receipt of an acknowledgment from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail address or other written acknowledgement) indicating that such notice or communication is available and identifying the website address therefor; *provided* that for both clauses (A) and (B), if such notice or other communication is not sent during the normal business hours of the recipient, such notice, email or communication shall be deemed to have been sent at the opening of business on the next Business Day for the recipient.

(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, any Loan Party's or the Administrative Agent's transmission of Borrower Materials or notices through the Platform, any other electronic platform or electronic messaging service, or through the Internet.

(d) Change of Address, Etc. Each of the Borrower, the Administrative Agent, the L/C Issuer and the Swingline Lender may change its address, fax number or telephone number or e-mail address for notices and other communications hereunder by notice to the other parties hereto. Each other Lender may change its address, fax number or telephone number or e-mail address for notices and other communications hereunder by notice to the Borrower, the Administrative Agent, the L/C Issuer and the Swingline 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, fax number and e-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 (1) 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, without limitation, telephonic or electronic notices, Loan Notices, Letter of Credit Applications, Notice of Loan Prepayment and Swingline Loan Notices) purportedly given by or on behalf of any Loan Party 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 Loan Parties 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 a Loan Party. 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.

11.03 No Waiver; Cumulative Remedies; Enforcement.

(a) 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 or under any other Loan Document shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder or under any other Loan Document preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges herein provided, and provided under each other Loan Document, are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law.

(b) 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 Swingline Lender from exercising the rights and remedies that inure to its benefit (solely in its capacity as L/C Issuer or Swingline Lender, as the case may be) hereunder and under the other Loan Documents, (c) any Lender from exercising setoff rights in accordance with Section 11.08 (subject to the terms of Section 2.13), 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 2.13, 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.

11.04 Expenses; Indemnity; Damage Waiver.

(a) Costs and Expenses. The Loan Parties shall pay (i) all reasonable out-of-pocket expenses incurred by the Administrative Agent and its Affiliates (including, but not limited to, (A) the reasonable fees, charges and disbursements of counsel for the Administrative Agent and its Affiliates and (B) due diligence expenses), and shall pay all fees and time charged and disbursements for attorneys who may be employees of 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, extension, reinstatement or renewal of any Letter of Credit or any demand for payment thereunder and (iii) all out-of-pocket expenses incurred by the Administrative Agent, any Lender or the L/C Issuer (including the 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 11.04, or (B) in connection with 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 Loan Parties. The Loan Parties 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 "Indemnitee") against, and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and related expenses (including the fees, charges and disbursements of any counsel for any Indemnitee), and shall indemnify and hold harmless each Indemnitee from all fees and time charges and disbursements for attorneys who may be employees of any Indemnitee, incurred by any Indemnitee or asserted against any Indemnitee by any Person (including 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 or 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, leased or operated by a Loan Party or any of its Subsidiaries, or any Environmental Liability related in any way to a Loan Party 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 Indemnitee is a party thereto; *provided* that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses are determined by a court of competent jurisdiction by final and non-appealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnitee. Without limiting the provisions of Section 3.01(c), this Section 11.04(b) shall not apply with respect to Taxes other than any Taxes that represent losses, claims, damages, etc. arising from any non-Tax claim.

(c) Reimbursement by Lenders. To the extent that the Loan Parties for any reason fail to indefeasibly pay any amount required under clauses (a) or (b) of this Section 11.04 to be paid by it to the Administrative Agent (or any sub-agent thereof), the L/C Issuer, the Swingline Lender 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, the Swingline Lender or such Related Party, as the case may be, such Lender's pro rata share (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought based on each Lender's share of the Total Credit Exposure at such time) of such unpaid amount (including any such unpaid amount in respect of a claim asserted by such Lender), such payment to be made severally among them based on such Lender's Applicable Percentage (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought), *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), the L/C Issuer or the Swingline Lender 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), the L/C Issuer or the Swingline Lender in connection with such capacity. The obligations of the Lenders under this clause (c) are subject to the provisions of Section 2.12(d).

(d) Waiver of Consequential Damages, Etc. To the fullest extent permitted by Applicable Law, no Loan Party shall assert, and each Loan Party hereby waives, and acknowledges that no other Person shall have, any claim against any Indemnitee, 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 Indemnitee referred to in clause (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 Indemnitee 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.

(e) Payments. All amounts due under this Section 11.04 shall be payable not later than ten (10) Business Days after demand therefor.

(f) Survival. The agreements in this Section 11.04 and the indemnity provisions of Section 11.02(e) shall survive the resignation of the Administrative Agent, the L/C Issuer and the Swingline Lender, the replacement of any Lender, the termination of the Aggregate Commitments and the repayment, satisfaction or discharge of all the other Obligations.

11.05 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 applicable Overnight Rate from time to time in effect, in the applicable currency of such recovery or payment. 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.

11.06 Successors and Assigns.

(a) Successors and Assigns Generally. The provisions of this Agreement and the other Loan Documents shall be binding upon and inure to the benefit of the parties hereto and thereto and their respective successors and assigns permitted hereby, except 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 Section 11.06(b), (ii) by way of participation in accordance with the provisions of Section 11.06(d), or (iii) by way of pledge or assignment of a security interest subject to the restrictions of Section 11.06(e) (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 Section 11.06(d) 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 and the other Loan Documents (including all or a portion of its Commitment(s) and the Loans (including for purposes of this clause (b), participations in L/C Obligations and in Swingline Loans) at the time owing to it); *provided* that (in each case with respect to any Facility) 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 under any Facility and/or the Loans at the time owing to it (in each case with respect to any Facility) or contemporaneous assignments to related Approved Funds (determined after giving effect to such assignments) that equal at least the amount specified in clause (b)(i)(B) of this Section 11.06 in the aggregate 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 clause (b)(i)(A) of this Section 11.06, 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 such "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).

(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 and the other Loan Documents with respect to the Loans and/or the Commitment assigned, except that this clause (b)(ii) shall not apply to the Swingline Lender's rights and obligations in respect of Swingline Loans.

(iii) Required Consents. No consent shall be required for any assignment except to the extent required by clause (b)(i)(B) of this Section 11.06 and, in addition:

(A) the consent of the Borrower (such consent not to be unreasonably withheld or delayed) 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 for assignments in respect of any Revolving Commitment if such assignment is to a Person that is not a Lender with a Commitment in respect of the applicable Facility, an Affiliate of such Lender or an Approved Fund with respect to such Lender; and

(C) the consent of the L/C Issuer and the Swingline Lender shall be required for any assignment in respect of the Revolving Facility.

(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, (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 (or a holding company, investment vehicle or trust for, or owned and operated by or for the primary benefit of one or more natural Persons).

(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 sub-participations, 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 (A) pay and satisfy in full all payment liabilities then owed by such Defaulting Lender to the Administrative Agent, the L/C Issuer or any Lender

hereunder (and interest accrued thereon) and (B) acquire (and fund as appropriate) its full pro rata share of all Loans and participations in Letters of Credit and Swingline 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 clause (b)(vi), then the assignee of such interest shall be deemed to be a Defaulting Lender for all purposes of this Agreement until such compliance occurs.

(vii) Subject to acceptance and recording thereof by the Administrative Agent pursuant to Section 11.06(c), 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 11.04 with respect to facts and circumstances occurring prior to the effective date of such assignment); *provided*, that except to the extent otherwise expressly agreed by the affected parties, no assignment by a Defaulting Lender will constitute a waiver or release of any claim of any party hereunder arising from that Lender's having been a Defaulting Lender. 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 clause (b) 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 Section 11.06(d).

(c) Register. The Administrative Agent, acting solely for this purpose as a non-fiduciary 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 (or the equivalent thereof in electronic form) and a register for the recordation of the names and addresses of the Lenders, and the Commitments of, and principal amounts (and interest amounts) 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 shall 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. The Register shall be available for inspection by the Borrower and any Lender (with respect to such Lender's interest only), at any reasonable time and from time to time upon reasonable prior notice.

(d) Participations.

(i) 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, or a holding company, investment vehicle or trust for, or owned and operated for the primary benefit of one or more natural Persons, 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 Swingline 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. For the avoidance of doubt, each Lender shall be responsible for the indemnity under Section 11.04(c) without regard to the existence of any participations.

(ii) 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 11.01 that affects such Participant. The Borrower agrees that each Participant shall be entitled to the benefits of Sections 3.01, 3.04 and 3.05 (subject to the requirements and limitations therein, including the requirements under Section 3.01(e) (it being understood that the documentation required under Section 3.01(e) shall be delivered to the Lender who sells the participation)) to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to clause (b) of this Section 11.06; *provided* that such Participant (A) shall be subject to the provisions of Sections 3.06 and 11.13 as if it were an assignee under clause (b) of this Section 11.06 and (B) shall not be entitled to receive any greater payment under Sections 3.01 or 3.04, with respect to any participation, than the Lender from whom it acquired the applicable participation would have been entitled to receive, except to the extent such entitlement to receive a greater payment results from a Change in Law that occurs after the Participant acquired the applicable participation. Each Lender that sells a participation agrees, at the Borrower's request and expense, to use reasonable efforts to cooperate with the Borrower to effectuate the provisions of Section 3.06 with respect to any Participant. To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 11.08 as though it were a Lender; *provided* that such Participant agrees to be subject to Section 2.13 as though it were a Lender. Each Lender that sells a participation shall, acting solely for this purpose as a non-fiduciary agent of the Borrower, maintain a register on which it enters the name and address of each Participant and the principal amounts (and interest amounts) 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 United States Treasury Regulations. The entries in the Participant Register shall be conclusive absent manifest error, and such Lender shall treat each Person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary. For the avoidance of doubt, the Administrative Agent (in its capacity as Administrative Agent) shall have no responsibility for maintaining a Participant Register.

(e) 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 or Notes, 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.

(f) Resignation as L/C Issuer or Swingline Lender after Assignment. Notwithstanding anything to the contrary contained herein, if at any time Bank of America assigns all of its Revolving Commitment and Revolving Loans pursuant to clause (b) above, Bank of America may, (i) upon thirty (30) days' notice to the Administrative Agent, the Borrower and the Lenders, resign as L/C Issuer and/or (ii) upon thirty (30) days' notice to the Borrower, resign as Swingline Lender. In the event of any such resignation as L/C Issuer or Swingline Lender, the Borrower shall be entitled to appoint from among the Lenders a successor L/C Issuer or Swingline Lender hereunder; *provided, however*, that no failure by the Borrower to appoint any such successor shall affect the resignation of Bank of America as L/C Issuer or Swingline Lender, as the case may be. If Bank of America 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 Loans or fund risk participations in Unreimbursed Amounts pursuant to Section 2.03(c)). If Bank of America resigns as Swingline Lender, it shall retain all the rights of the Swingline Lender provided for hereunder with respect to Swingline 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 Loans or fund risk participations in outstanding Swingline Loans pursuant to Section 2.04(c). Upon the appointment of a successor L/C Issuer and/or Swingline 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 Swingline 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 Bank of America to effectively assume the obligations of Bank of America with respect to such Letters of Credit.

11.07 Treatment of Certain Information; Confidentiality.

(a) Treatment of Certain Information. 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 (i) to its Affiliates, its auditors and its Related Parties (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), (ii) to the extent required or requested by any regulatory authority purporting to have jurisdiction over such Person or its Related Parties (including any self-regulatory authority, such as the National Association of Insurance Commissioners), (iii) to the extent required by Applicable Laws or regulations or by any subpoena or similar legal process, (iv) to any other party hereto, (v) 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, (vi) subject to an agreement containing provisions substantially the same as those of this Section 11.07, to (A) any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights and obligations under this Agreement or any Eligible Assignee invited to be a Lender pursuant to Section 2.17(c) or (B) any actual or prospective party (or its Related Parties) to any swap, derivative or other transaction under which payments are to be made by reference to the Borrower and its obligations, this Agreement or payments hereunder, (vii) on a confidential basis to (A) any rating agency in connection with rating the Borrower or its Subsidiaries or the credit facilities provided hereunder or (B) the provider of any Platform or other electronic delivery service used by the Administrative Agent, the L/C Issuer and/or the Swingline

Lender to deliver Borrower Materials or notices to the Lenders or (viii) the CUSIP Service Bureau or any similar agency in connection with the application, issuance, publishing and monitoring of CUSIP numbers or other market identifiers with respect to the credit facilities provided hereunder, or (ix) with the consent of the Borrower or to the extent such Information (x) becomes publicly available other than as a result of a breach of this Section 11.07, (xi) 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 or (xii) is independently discovered or developed by a party hereto without utilizing any Information received from the Borrower or violating the terms of this Section 11.07. For purposes of this Section 11.07, “*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 11.07 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. In addition, the Administrative Agent and the Lenders may disclose the existence of this Agreement and information about this Agreement to market data collectors, similar service providers to the lending industry and service providers to the Administrative Agent and the Lenders in connection with the administration of this Agreement, the other Loan Documents and the Commitments.

(b) Non-Public Information. Each of the Administrative Agent, the Lenders and the L/C Issuer acknowledges that (i) the Information may include material non-public information concerning a Loan Party or a Subsidiary, as the case may be, (ii) it has developed compliance procedures regarding the use of material non-public information and (iii) it will handle such material non-public information in accordance with Applicable Law, including United States federal and state securities Laws.

(c) Press Releases. The Loan Parties and their Subsidiaries agree that they will not in the future issue any press releases or other public disclosure using the name of the Administrative Agent or any Lender or their respective Affiliates or referring to this Agreement or any of the Loan Documents without the prior written consent of the Administrative Agent, unless (and only to the extent that) the Loan Parties or such Subsidiaries are required to do so under law and then, in any event the Loan Parties or such Subsidiaries will consult with such Person before issuing such press release or other public disclosure.

(d) Customary Advertising Material. The Loan Parties consent to the publication by the Administrative Agent or any Lender of customary advertising material relating to the transactions contemplated hereby using the name, product photographs, logo or trademark of the Loan Parties.

11.08 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, after obtaining the prior written consent of the Required Lenders, 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, the L/C Issuer or such Affiliates, irrespective of whether or not such Lender, the L/C Issuer or Affiliate 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, secured or unsecured, or are owed to a branch, office or Affiliate of such Lender or the L/C Issuer different from the branch, office or Affiliate holding such deposit or obligated on such indebtedness; *provided* that in the event that any Defaulting Lender shall exercise any such right of setoff, (a) all amounts so set off shall be paid over immediately to the Administrative Agent for further application in accordance with the provisions of [Section 2.15](#) 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, the L/C Issuer and the Lenders, and (b) 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 11.08](#) 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 under Applicable Law. 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.

11.09 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.

11.10 Counterparts; Integration; Effectiveness.

This Agreement and each of the other Loan Documents 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, the other Loan Documents, and any separate letter agreements with respect to fees payable to the Administrative Agent or the L/C Issuer, 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 or any other Loan Document, or any certificate delivered thereunder, by fax transmission or e-mail transmission (e.g., "pdf" or "tif") shall be effective as delivery of a manually executed counterpart of this Agreement or such other Loan Document or certificate. Without limiting the foregoing, to the extent a manually executed counterpart is not specifically required to be delivered under the terms of any Loan Document, upon the request of any party, such fax transmission or e-mail transmission shall be promptly followed by such manually executed counterpart.

11.11 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.

11.12 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 11.12, 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 Swingline Lender, as applicable, then such provisions shall be deemed to be in effect only to the extent not so limited.

11.13 Replacement of Lenders.

(a) If the Borrower is entitled to replace a Lender pursuant to the provisions of Section 3.06, or if any Lender is a Defaulting Lender or a Non-Consenting Lender or if any other circumstance exists hereunder that gives the Borrower the right to replace a Lender as a party hereto, 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 11.06), all of its interests, rights (other than its existing rights to payments pursuant to Sections 3.01 and 3.04) and obligations under this Agreement and the related Loan Documents to an Eligible 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 (or caused a Designated Borrower to pay) to the Administrative Agent the assignment fee (if any) specified in Section 11.06(b);

(ii) such Lender shall have received payment of an amount equal to 100% of 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 or applicable Designated Borrower (in the case of all other amounts);

(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 an assignment resulting from a Lender becoming a Non-Consenting Lender, the applicable assignee shall have consented to the applicable amendment, waiver or consent.

(b) 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.

(c) Each party hereto agrees that (i) an assignment required pursuant to this Section 11.13 may be effected pursuant to an Assignment and Assumption executed by the Borrower, the Administrative Agent and the assignee and (ii) the Lender required to make such assignment need not be a party thereto in order for such assignment to be effective and shall be deemed to have consented to an be bound by the terms thereof; provided, that, following the effectiveness of any such assignment, the other parties to such assignment agree to execute and deliver such documents necessary to evidence such assignment as reasonably requested by the applicable Lender, provided further that any such documents shall be without recourse to or warranty by the parties thereto.

(d) Notwithstanding anything in this Section 11.13 to the contrary, (A) the Lender that acts as the L/C Issuer may not be replaced hereunder at any time it has any Letter of Credit outstanding hereunder unless arrangements satisfactory to such Lender (including the furnishing of a backstop standby letter of credit in form and substance, and issued by an issuer, reasonably satisfactory to the L/C Issuer or the depositing of Cash Collateral into a Cash Collateral account in amounts and pursuant to arrangements reasonably satisfactory to the L/C Issuer) have been made with respect to such outstanding Letter of Credit and (B) the Lender that acts as the Administrative Agent may not be replaced hereunder except in accordance with the terms of Section 9.06.

11.14 Governing Law; Jurisdiction; Etc.

(a) GOVERNING LAW. THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS (EXCEPT, AS TO ANY OTHER LOAN DOCUMENT, AS EXPRESSLY SET FORTH THEREIN) 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 IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

(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) (c)WAIVER OF VENUE. THE BORROWER AND EACH OTHER LOAN PARTY 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 CLAUSE (b) OF THIS SECTION 11.14. THE BORROWER AND EACH OTHER LOAN PARTY IRREVOCABLY AND UNCONDITIONALLY 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) (d)SERVICE OF PROCESS. EACH PARTY HERETO IRREVOCABLY CONSENTS TO SERVICE OF PROCESS IN THE MANNER PROVIDED FOR NOTICES IN SECTION 11.02. NOTHING IN THIS AGREEMENT WILL AFFECT THE RIGHT OF ANY PARTY HERETO TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY APPLICABLE LAW.

11.15 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 11.15.

11.16 Subordination.

Each Loan Party (a "Subordinating Loan Party") hereby subordinates the payment of all obligations and indebtedness of any other Loan Party owing to it, whether now existing or hereafter arising, including but not limited to any obligation of any such other Loan Party to the Subordinating Loan Party as

subrogee of the Lenders or resulting from such Subordinating Loan Party's performance under this Guaranty, to the indefeasible payment in full in cash of all Obligations. If the Lenders so request, any such obligation or indebtedness of any such other Loan Party to the Subordinating Loan Party shall be enforced and performance received by the Subordinating Loan Party as trustee for the Lenders and the proceeds thereof shall be paid over to the Lenders on account of the Obligations, but without reducing or affecting in any manner the liability of the Subordinating Loan Party under this Agreement. Without limitation of the foregoing, so long as no Default has occurred and is continuing, the Loan Parties may make and receive payments with respect to Intercompany Debt; *provided*, that in the event that any Loan Party receives any payment of any Intercompany Debt at a time when such payment is prohibited by this Section 11.16, such payment shall be held by such Loan Party, in trust for the benefit of, and shall be paid forthwith over and delivered, upon written request, to the Administrative Agent.

11.17 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: (a) (i) the arranging and other services regarding this Agreement provided by the Administrative Agent, the Arranger and the Lenders and their respective Affiliates 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, the Arranger and the Lenders and their respective Affiliates, on the other hand, (ii) 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 (iii) the Borrower and each other Loan Party are capable of evaluating, and understand and accept, the terms, risks and conditions of the transactions contemplated hereby and by the other Loan Documents; (b) (i) the Administrative Agent, the Arranger and each Lender and each of their respective Affiliates 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 (ii) neither the Administrative Agent, the Arranger, nor any Lender nor any of their respective Affiliates 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 (c) the Administrative Agent, the Arranger and the Lenders 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, the Arranger, nor any Lender nor any of their respective Affiliates 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 each other Loan Party hereby waives and releases any claims that it may have against the Administrative Agent, the Arranger, the Lenders and their respective Affiliates with respect to any breach or alleged breach of agency or fiduciary duty in connection with any aspect of any transactions contemplated hereby.

11.18 Electronic Execution; Electronic Records.

(a) 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, the Administrative Agent is under no obligation to agree to accept electronic signatures in any form or in any format unless expressly agreed to by the Administrative Agent pursuant to procedures approved by it; provided, further, without limiting the foregoing, upon the request of the Administrative Agent, any electronic signature shall be promptly followed by such manually executed counterpart.***

(b) The Borrower hereby acknowledges the receipt of a copy of this Agreement and all other Loan Documents. The Administrative Agent and each Lender may, on behalf of the Borrower, create a microfilm or optical disk or other electronic image of this Agreement and any or all of the other Loan Documents. The Administrative Agent and each Lender may store the electronic image of this Agreement and the other Loan Documents in its electronic form and then destroy the paper original as part of the Administrative Agent's and each Lender's normal business practices, with the electronic image deemed to be an original and of the same legal effect, validity and enforceability as the paper originals.

11.19 USA Patriot Act Notice.

Each Lender that is subject to the Patriot Act and the Administrative Agent (for itself and not on behalf of any Lender) hereby notifies the Borrower and the other Loan Parties that pursuant to the requirements of the USA PATRIOT Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "Patriot Act"), it is required to obtain, verify and record information that identifies the Borrower and each other Loan Party, which information includes the name and address of the Borrower and each other Loan Party and other information that will allow such Lender or the Administrative Agent, as applicable, to identify the Borrower and each other Loan Party in accordance with the Patriot Act. The Borrower and each other Loan Party shall, promptly following a request by the Administrative Agent or any Lender, provide all such other documentation and 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 Patriot Act.

11.20 Acknowledgement and Consent to Bail-In of EEA Financial Institutions.

Solely to the extent any Lender or L/C Issuer that is an EEA 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 EEA Financial Institution arising under any Loan Document, to the extent such liability is unsecured, may be subject to the Write-Down and Conversion Powers of an EEA Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

(a) the application of any Write-Down and Conversion Powers by an EEA Resolution Authority to any such liabilities arising hereunder which may be payable to it by any Lender or L/C Issuer that is an EEA Financial Institution; and

(b) the effects of any Bail-In Action on any such liability, including, if applicable:

(i) a reduction in full or in part or cancellation of any such liability;

(ii) a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such EEA Financial Institution, its parent undertaking, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares

or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Agreement or any other Loan Document; or

(iii) the variation of the terms of such liability in connection with the exercise of the Write-Down and Conversion Powers of any EEA Resolution Authority.

11.21 Acknowledgement Regarding Any Supported QFCs.

To the extent that the Loan Documents provide support, through a guarantee or otherwise, for any Swap Contract 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): 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.

11.22 Time of the Essence.

Time is of the essence of the Loan Documents.

11.23 Judgment Currency.

If, for the purposes of obtaining judgment in any court, it is necessary to convert a sum due hereunder or any other Loan Document in one currency into another currency, the rate of exchange used shall be that at which in accordance with normal banking procedures the Administrative Agent could purchase the first currency with such other currency on the Business Day preceding that on which final judgment is given. The obligation of each Loan Party in respect of any such sum due from it to the Administrative Agent or any Lender hereunder or under the other Loan Documents shall, notwithstanding any judgment in a currency (the "*Judgment Currency*") other than that in which such sum is denominated in accordance with the applicable provisions of this Agreement (the "*Agreement Currency*"), be discharged only to the extent that on the Business Day following receipt by the Administrative Agent or such Lender, as the case may be, of any sum adjudged to be so due in the Judgment Currency, the Administrative Agent or such Lender, as the case may be, may in accordance with normal banking procedures purchase the Agreement Currency with the Judgment Currency. If the amount of the Agreement Currency so purchased

is less than the sum originally due to the Administrative Agent or any Lender from any Loan Party in the Agreement Currency, such Loan Party agrees, as a separate obligation and notwithstanding any such judgment, to indemnify the Administrative Agent or such Lender, as the case may be, against such loss. If the amount of the Agreement Currency so purchased is greater than the sum originally due to the Administrative Agent or any Lender in such currency, the Administrative Agent or such Lender, as the case may be, agrees to return the amount of any excess to such Loan Party (or to any other Person who may be entitled thereto under Applicable law).

11.24 Amendment and Restatement.

This Agreement amends and restates in its entirety the Existing Credit Agreement and all Obligations of the Loan Parties thereunder to the Administrative Agent, the Lenders, the LC Issuer and the Swingline Lender shall be deemed Obligations under this Agreement.

ADMINISTRATIVE AGENT:

BANK OF AMERICA, N.A.,
as a Lender, L/C Issuer and Swingline Lender

By:_____
Name:_____
Title:_____

By: /s/ Tiffany Lin
Name: Tiffany Lin
Title: Assistant Vice President

LENDERS:

BANK OF AMERICA, N.A.,
as a Lender, L/C Issuer and Swingline Lender

By: _____
Name: _____
Title: _____

By: /s/ Alok Jain
Name: Alok Jain
Title: Senior Vice President

WELLS FARGO BANK, NATIONAL ASSOCIATION, as a Lender

By: /s/ Joe Gannon
Name: Joe Gannon
Title: Vice President

RAVEN INDUSTRIES, INC.
2019 EQUITY INCENTIVE PLAN

Performance Stock Unit Agreement

Raven Industries, Inc. (the "Company"), pursuant to its 2019 Equity Incentive Plan (the "Plan"), hereby grants an award of Performance Stock Units to you, the Participant named below. The terms and conditions of this Award are set forth in this Performance Stock Unit Agreement (the "Agreement"), consisting of this cover page, the Terms and Conditions on the following pages and the attached Exhibit A, and in the Plan document, a copy of which has been provided to you. Any capitalized term that is used but not defined in this Agreement shall have the meaning assigned to it in the Plan as it currently exists or as it is amended in the future.

Name of Participant:	
Target Number of Performance Stock Units:	
Maximum Number of Performance Stock Units:	
Grant Date:	
Performance Period:	February 1, 20__ – January 31, 20__
Vesting Schedule:	The number of Units determined in accordance with Exhibit A to have been earned as of the end of the Performance Period will vest* on the date the Company's Personnel and Compensation Committee certifies such performance results, which shall be no later than April 10, 20__.
Performance Goals:	See Exhibit A
* Assumes your Service has been continuous from the Grant Date to the vesting date.	

By signing below or otherwise evidencing your acceptance of this Agreement in a manner approved by the Company, you agree to all of the terms and conditions contained in this Agreement and in the Plan document. You acknowledge that you have received and reviewed these documents and that they set forth the entire agreement between you and the Company regarding this Award of Performance Stock Units.

PARTICIPANT: RAVEN INDUSTRIES, INC.

By: _____
Title: _____

Raven Industries, Inc.
2019 Equity Incentive Plan
Performance Stock Unit Agreement

Terms and Conditions

1. **Award of Performance Stock Units.** The Company hereby confirms the grant to you, as of the Grant Date and subject to the terms and conditions of this Agreement and the Plan, of an award of Performance Stock Units (the “Units”) in an amount initially equal to the Target Number of Performance Stock Units specified on the cover page of this Agreement. The number of Units that may actually be earned and become eligible to vest pursuant to this Award can be between 0% and 200% of the Target Number of Units, but may not (except for any Dividend Equivalent Units credited to you pursuant to Section 6 below) exceed the Maximum Number of Performance Stock Units specified on the cover page of this Agreement. Each Unit that is earned as a result of the performance goals specified in Exhibit A to this Agreement having been satisfied and which thereafter vests represents the right to receive one Share of the Company’s common stock. Prior to their settlement or forfeiture in accordance with the terms of this Agreement, the Units granted to you will be credited to a performance stock unit account in your name maintained by the Company. This account will be unfunded and maintained for book-keeping purposes only, with the Units simply representing an unfunded and unsecured contingent obligation of the Company.

2. **Restrictions Applicable to Units.** Neither this Award nor the Units subject to this Award may be sold, assigned, transferred, exchanged or encumbered, voluntarily or involuntarily, other than (i) a transfer upon your death in accordance with your will, by the laws of descent and distribution or pursuant to a beneficiary designation submitted in accordance with Section 6(d) of the Plan, or (ii) pursuant to a domestic relations order. Following any such transfer, this Award shall continue to be subject to the same terms and conditions that were applicable to the Award immediately prior to its transfer. Any attempted transfer in violation of this Section 2 shall be void and without effect. The Units and your right to receive Shares in settlement of any Units under this Agreement shall be subject to forfeiture except to extent the Units have been earned and thereafter vest as provided in Sections 4 and 5.

3. **No Shareholder Rights.** The Units subject to this Award do not entitle you to any rights of a holder of the Company’s common stock. You will not have any of the rights of a shareholder of the Company in connection with any Units granted or earned pursuant to this Agreement unless and until Shares are issued to you in settlement of earned and vested Units as provided in Section 5.

4. **Vesting and Forfeiture of Units.** The Units shall vest at the earliest of the following times and to the degree specified.

(a) **Scheduled Vesting.** The number of Units that have been earned during the Performance Period, as determined by the Committee in accordance with Exhibit A, will vest on the Scheduled Vesting Date, so long as your Service has been continuous from the Grant Date to the Scheduled Vesting Date. For these purposes, the “Scheduled Vesting Date” means the date the Committee certifies (i) the degree to which the applicable performance goals for the Performance Period have been satisfied, and (ii) the number of Units that have been earned during the Performance Period as determined in accordance Exhibit A, which certification shall occur no later than April 10 following the end of the Performance Period.

(b) Death. If your Service terminates by reason of your death prior to the Scheduled Vesting Date, then you will be entitled to have vest on the date your Service terminates a pro rata portion of the Target Number of Units specified on the cover page of this Agreement. The pro rata portion shall be determined by multiplying the Target Number of Units by a fraction whose numerator is the number of complete months during the Performance Period prior to your death and whose denominator is the number of months in the Performance Period.

(c) Retirement. If your Service terminates by reason of your Retirement (as defined below) prior to the Scheduled Vesting Date, then you will be entitled to have vest on the Scheduled Vesting Date the Units that would otherwise have been determined to have been earned during the Performance Period in accordance with Exhibit A if your Service had been continuous until the Scheduled Vesting Date. For purposes of this Agreement, "Retirement" means voluntarily terminating Service with the Company at least one year after the Grant Date on the first day of any month at a time Participant is at least [] years old.

(d) Termination Without Cause. If your Service is terminated by the Company without Cause prior to the Scheduled Vesting Date, then you will be entitled to have vest on the Scheduled Vesting Date a pro rata portion of the Units that would otherwise have been determined to have been earned during the Performance Period in accordance with Exhibit A if your Service had been continuous until the Scheduled Vesting Date. The pro rata portion shall be determined by multiplying the Units that would otherwise have been earned by a fraction whose numerator is the number of complete months during the Performance Period prior to your termination and whose denominator is the number of months in the Performance Period.

(e) Change in Control. If a Change in Control occurs after the Grant Date but before the Scheduled Vesting Date and your Service continues to the date of the Change in Control or the circumstances set forth in Section 4(c) apply, then you will be entitled to have vest, as of the date of the Change in Control, the Target Number of Units.

(f) Forfeiture of Unvested Units. To the extent any of Sections 4(a) through (e) is applicable to this Award, any Units that do not vest on the applicable vesting date as provided therein shall immediately be forfeited. If your Service terminates prior to the Scheduled Vesting Date under circumstances other than as set forth in Sections 4(b) through (e), all unvested Units shall immediately be forfeited.

5. **Settlement of Units**. As soon as practicable after any date on which Units vest (but no later than the 15th day of the third calendar month following the vesting date), the Company shall cause to be issued and delivered to you (or to your personal representative or your designated beneficiary or estate in the event of your death, as applicable) one Share in payment and settlement of each vested Unit. Delivery of the Shares shall be effected by the issuance of a stock certificate to you, by an appropriate entry in the stock register maintained by the Company's transfer agent with a notice of issuance provided to you, or by the electronic delivery of the Shares to a brokerage account at Merrill Lynch, or such other broker as may be determined in Company's sole discretion, and shall be subject to the tax withholding provisions of Section 7 and compliance with all applicable legal requirements as provided in Section 16(c) of the Plan, and shall be in complete satisfaction and settlement of such vested Units. The Company will pay any original issue or transfer taxes with respect to the issue and transfer of Shares to you pursuant to this Agreement, and all fees and expenses incurred by it in connection therewith. If the Units that vest include

a fractional Unit, the Company shall round the number of vested Units to the nearest whole Unit prior to issuance of Shares as provided herein.

6. **Dividend Equivalents.** If the Company pays cash dividends on its Shares while any Units subject to this Agreement are outstanding, then on the date this Award vests pursuant to Section 4 above, a Total Dividend Equivalent amount will be credited to your performance stock unit account and shall be deemed reinvested in additional Units (“Dividend Equivalent Units”). The Total Dividend Equivalent amount will be determined by multiplying the number of underlying Units determined to have vested by the per share amount of each cash dividend paid on the Company’s common stock with a record date and payment date occurring between the Grant Date and the applicable vesting date, and adding those products together. Each of those products is referred to as a “Dividend Equivalent Amount.” The number of Dividend Equivalent Units to be credited to your performance stock unit account pursuant to this deemed reinvestment will be determined by dividing each Dividend Equivalent Amount by the Fair Market Value of a share of the Company’s common stock on the applicable dividend payment date, and adding those quotients together. Any Dividend Equivalent Units so credited will be fully vested and subject to settlement with the underlying Units as provided in Section 5 above.

7. **Tax Consequences and Withholding.** No Shares will be delivered to you in settlement of vested Units unless you have made arrangements acceptable to the Company for payment of any federal, state, local or foreign withholding taxes that may be due as a result of the delivery of the Shares. You hereby authorize the Company (or any Affiliate) to satisfy the tax obligation by withholding a number of Shares that would otherwise be issued to you in settlement of the Units and that have a fair market value equal to the amount of such tax obligation, and otherwise agree to satisfy such obligations in accordance with the provisions of Section 14 of the Plan.

8. **Notices.** Every notice or other communication relating to this Agreement shall be in writing and shall be mailed to or delivered (including electronically) to the party for whom it is intended at such address as may from time to time be designated by it in a notice mailed or delivered to the other party as herein provided. Unless and until some other address is so designated, all notices or communications by you to the Company shall be mailed or delivered to the Company, to the attention of its General Counsel and Vice President, Corporate Secretary at Raven Industries, Inc., P.O. Box 5107, Sioux Falls, South Dakota 57117-5107, lee.magnuson@ravenind.com, and all notices or communications by the Company to you may be given to you personally or may be mailed or, if you are still a Service Provider, emailed to you at the address indicated in the Company’s records as your most recent mailing or email address.

9. **Additional Provisions.**

(a) **No Right to Continued Service.** This Agreement does not give you a right to continued Service with the Company or any Affiliate, and the Company or any such Affiliate may terminate your Service at any time and otherwise deal with you without regard to the effect it may have upon you under this Agreement.

(b) **Governing Plan Document.** This Agreement and the Award are subject to all the provisions of the Plan, and to all interpretations, rules and regulations which may, from time to time, be adopted and promulgated by the Committee pursuant to the Plan. If there is any conflict between the provisions of this Agreement and the Plan, the provisions of the Plan will govern.

(c) Governing Law. This Agreement, the parties' performance hereunder, and the relationship between them shall be governed by, construed, and enforced in accordance with the laws of the State of South Dakota, without giving effect to the choice of law principles thereof.

(d) Severability. The provisions of this Agreement shall be severable and if any provision of this Agreement is found by any court to be unenforceable, in whole or in part, the remainder of this Agreement shall nevertheless be enforceable and binding on the parties. You also agree that any trier of fact may modify any invalid, overbroad or unenforceable provision of this Agreement so that such provision, as modified, is valid and enforceable under applicable law.

(e) Binding Effect. This Agreement will be binding in all respects on your heirs, representatives, successors and assigns, and on the successors and assigns of the Company.

(f) Section 409A of the Code. The award of Units as provided in this Agreement and any issuance of Shares or payment pursuant to this Agreement are intended to either be exempt from Section 409A of the Code under the short-term deferral exception specified in Treas. Reg. § 1.409A-1(b)(4) or to comply with Section 409A.

(g) Electronic Delivery and Acceptance. The Company may deliver any documents related to this Performance Stock Unit Award by electronic means and request your acceptance of this Agreement by electronic means. You hereby consent to receive all applicable documentation by electronic delivery and to participate in the Plan through an on-line (and/or voice activated) system established and maintained by the Company or the Company's third-party stock plan administrator.

By signing the cover page of this Agreement or otherwise accepting this Agreement in a manner approved by the Company, you agree to all the terms and conditions described above and in the Plan document.

RAVEN INDUSTRIES, INC.
2019 EQUITY INCENTIVE PLAN

Restricted Stock Unit Award Agreement

Raven Industries, Inc. (the "Company"), pursuant to its 2019 Equity Incentive Plan (the "Plan"), hereby grants an award of Restricted Stock Units to you, the Participant named below. The terms and conditions of this Award are set forth in this Restricted Stock Unit Award Agreement (the "Agreement"), consisting of this cover page and the Terms and Conditions on the following pages, and in the Plan document, a copy of which has been provided to you. Any capitalized term that is used but not defined in this Agreement shall have the meaning assigned to it in the Plan as it currently exists or as it is amended in the future.

Name of Participant: [_____]	
Number of Restricted Stock Units: [_____]	Grant Date: _____, 20__
Vesting:	
<u>Vesting Date</u>	<u>Number of Restricted Stock Units that Vest</u>

By signing below or otherwise evidencing your acceptance of this Agreement in a manner approved by the Company, you agree to all of the terms and conditions contained in this Agreement and in the Plan document. You acknowledge that you have received and reviewed these documents and that they set forth the entire agreement between you and the Company regarding this Award of Restricted Stock Units.

PARTICIPANT:

RAVEN INDUSTRIES, INC.
By: _____
Title: _____

Raven Industries, Inc.
2019 Equity Incentive Plan
Restricted Stock Unit Award Agreement

Terms and Conditions

1. **Grant of Restricted Stock Units.** The Company hereby confirms the grant to you, as of the Grant Date and subject to the terms and conditions in this Agreement and the Plan, of the number of Restricted Stock Units specified on the cover page of this Agreement (the “Units”). Each Unit represents the right to receive one Share of the Company’s common stock. Prior to their settlement or forfeiture in accordance with the terms of this Agreement, the Units granted to you will be credited to an account in your name maintained by the Company. This account shall be unfunded and maintained for book-keeping purposes only, with the Units simply representing an unfunded and unsecured contingent obligation of the Company.

2. **Restrictions Applicable to Units.** Neither this Award nor the Units subject to this Award may be sold, assigned, transferred, exchanged or encumbered, voluntarily or involuntarily, other than (i) a transfer upon your death in accordance with your will, by the laws of descent and distribution or pursuant to a beneficiary designation submitted in accordance with Section 6(d) of the Plan, or (ii) pursuant to a domestic relations order. Following any such transfer, this Award shall continue to be subject to the same terms and conditions that were applicable to this Award immediately prior to its transfer. Any attempted transfer in violation of this Section 2 shall be void and without effect. The Units and your right to receive Shares in settlement of the Units under this Agreement shall be subject to forfeiture as provided in Section 5 until satisfaction of the vesting conditions set forth in Section 4.

3. **No Shareholder Rights.** The Units subject to this Award do not entitle you to any rights of a holder of the Company’s common stock. You will not have any of the rights of a shareholder of the Company in connection with the grant of Units subject to this Agreement unless and until Shares are issued to you upon settlement of the Units as provided in Section 6.

4. **Vesting of Units.** For purposes of this Agreement, “Vesting Date” means any date, including the scheduled Vesting Date specified on the cover page of this Agreement, on which Units subject to this Agreement vest as provided in this Section 4.

(a) **Scheduled Vesting.** If you remain a Service Provider continuously from the Grant Date specified on the cover page of this Agreement, then the Units will vest on the Vesting Date specified in the Vesting Schedule.

(b) **Accelerated Vesting.** The vesting of outstanding Units will be accelerated or continued under the circumstances provided below:

(1) ***Death.*** If your Service terminates prior to the Vesting Date due to your death, then a pro rata portion (based on the number of complete months during which you were a Service Provider since the Grant Date as a percentage of the number of months in the vesting period) of the Units shall vest as of such termination date.

(2) ***Retirement.*** If your Service terminates prior to the Vesting Date due to your Retirement (as defined below), then the Units shall vest on the Vesting Date as if your Service had been continuous until the Vesting Date. For purposes of this Agreement, “Retirement”

means voluntarily terminating Service with the Company at least one year after the Grant Date on the first day of any month at a time when the Participant is at least [___] years old.

(3) *Termination Without Cause.* If your Service is terminated by the Company without Cause prior to the Vesting Date, then a pro rata portion (based on the number of complete months during which you were a Service Provider since the Grant Date as a percentage of the number of months in the vesting period) of the Units shall vest as of such termination date.

(4) *Change in Control.* All unvested Units shall vest in full upon the occurrence of a Change in Control that occurs while you continue to be a Service Provider or while the circumstances set forth in Section 4(b)(2) apply.

5. **Effect of Termination of Service.** Except as otherwise provided in accordance with Section 4(b) above, if you cease to be a Service Provider, you will forfeit all unvested Units.

6. **Settlement of Units.** After any Units vest pursuant to Section 4, the Company shall, as soon as practicable (but no later than the 15th day of the third calendar month following the Vesting Date), cause to be issued and delivered to you (or to your personal representative or your designated beneficiary or estate in the event of your death, as applicable) one Share in payment and settlement of each vested Unit. Delivery of the Shares shall be effected by the issuance of a stock certificate to you, by an appropriate entry in the stock register maintained by the Company's transfer agent with a notice of issuance provided to you, or by the electronic delivery of the Shares to a brokerage account with Merrill Lynch, or such other broker as may be determined in Company's sole discretion, and shall be subject to the tax withholding provisions of Section 8 and compliance with all applicable legal requirements as provided in Section 16(c) of the Plan, and shall be in complete satisfaction and settlement of such vested Units. The Company will pay any original issue or transfer taxes with respect to the issue and transfer of Shares to you pursuant to this Agreement, and all fees and expenses incurred by it in connection therewith. If the Units that vest include a fractional Unit, the Company shall round the number of vested Units to the nearest whole Unit prior to issuance of Shares as provided herein.

7. **Dividend Equivalents.** If the Company pays cash dividends on its Shares while any Units subject to this Agreement are outstanding, then on each dividend payment date a dividend equivalent dollar amount equal to the number of Units credited to your account pursuant to this Agreement as of the dividend record date times the dollar amount of the cash dividend per Share shall be deemed reinvested in additional Units as of the dividend payment date and such additional Units shall be credited to your account. The number of additional Units so credited shall be determined based on the Fair Market Value of a Share on the dividend payment date. Any additional Units so credited will be subject to the same terms and conditions, including the timing of vesting and settlement, applicable to the underlying Units to which the dividend equivalents relate.

8. **Tax Consequences and Withholding.** No Shares will be delivered to you in settlement of vested Units unless you have made arrangements acceptable to the Company for payment of any federal, state, local or foreign withholding taxes that may be due as a result of the delivery of the Shares. You hereby authorize the Company (or any Affiliate) to satisfy the tax obligations by withholding a number of Shares that would otherwise be issued to you in settlement of the Units and that have a fair market value equal to the amount of such tax obligation, and otherwise agree to satisfy such obligations in accordance with the provisions of Section 14 of the Plan.

9. **Notices.** Every notice or other communication relating to this Agreement shall be in writing and shall be mailed to or delivered (including electronically) to the party for whom it is intended at such

address as may from time to time be designated by it in a notice mailed or delivered to the other party as herein provided. Unless and until some other address is so designated, all notices or communications by you to the Company shall be mailed or delivered to the Company, to the attention of its General Counsel and Vice President, Corporate Secretary at Raven Industries, Inc., P.O. Box 5107, Sioux Falls, South Dakota 57117-5107, lee.magnuson@ravenind.com, and all notices or communications by the Company to you may be given to you personally or may be mailed or, if you are still a Service Provider, emailed to you at the address indicated in the Company's records as your most recent mailing or email address.

10. **Additional Provisions.**

(a) **No Right to Continued Service.** This Agreement does not give you a right to continued Service with the Company or any Affiliate, and the Company or any such Affiliate may terminate your Service at any time and otherwise deal with you without regard to the effect it may have upon you under this Agreement.

(b) **Governing Plan Document.** This Agreement and the Award are subject to all the provisions of the Plan, and to all interpretations, rules and regulations which may, from time to time, be adopted and promulgated by the Committee pursuant to the Plan. If there is any conflict between the provisions of this Agreement and the Plan, the provisions of the Plan will govern.

(c) **Governing Law.** This Agreement, the parties' performance hereunder, and the relationship between them shall be governed by, construed, and enforced in accordance with the laws of the State of South Dakota, without giving effect to the choice of law principles thereof.

(d) **Severability.** The provisions of this Agreement shall be severable and if any provision of this Agreement is found by any court to be unenforceable, in whole or in part, the remainder of this Agreement shall nevertheless be enforceable and binding on the parties. You also agree that any trier of fact may modify any invalid, overbroad or unenforceable provision of this Agreement so that such provision, as modified, is valid and enforceable under applicable law.

(e) **Binding Effect.** This Agreement will be binding in all respects on your heirs, representatives, successors and assigns, and on the successors and assigns of the Company.

(f) **Section 409A of the Code.** The award of Units as provided in this Agreement and any issuance of Shares or payment pursuant to this Agreement are intended to either be exempt from Section 409A of the Code under the short-term deferral exception specified in Treas. Reg. § 1.409A-1(b)(4) or to comply with Section 409A.

(g) **Electronic Delivery and Acceptance.** The Company may deliver any documents related to this Restricted Stock Unit Award by electronic means and request your acceptance of this Agreement by electronic means. You hereby consent to receive all applicable documentation by electronic delivery and to participate in the Plan through an on-line (and/or voice activated) system established and maintained by the Company or the Company's third-party stock plan administrator.

By signing the cover page of this Agreement or otherwise accepting this Agreement in a manner approved by the Company, you agree to all the terms and conditions described above and in the Plan document.

RAVEN INDUSTRIES, INC.
SUBSIDIARIES OF THE REGISTRANT

NAME OF SUBSIDIARY	JURISDICTION
Aerostar International, Inc.	South Dakota, USA
Aerostar Technical Solutions, Inc.	California, USA
Dot Technology Corp. ^(a)	Saskatchewan, Canada
Raven Engineered Films, Inc.	South Dakota, USA
Raven Industries Canada, Inc.	Nova Scotia, Canada
Raven International Holding Company B.V.	Amsterdam, Netherlands
Raven CLI Construction, Inc.	South Dakota, USA
Raven Europe, B.V.	Middenmeer, Netherlands
Raven do Brasil Participacoes E Servicos Technicos LTDA	Sao Paulo, Brazil
Raven Slingshot, Inc.	South Dakota, USA

(a) The Company owns 60% and has rights to an additional 4% as of January 31, 2020.

Pursuant to Item 601(b)(21) of Regulation S-K, we have omitted some subsidiaries that considered in the aggregate as a single subsidiary, would not constitute a significant subsidiary as of January 31, 2020, under Rule 1-02(w) of Regulation S-X.

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in Registration Statement Nos. 333-231815, 333-204796, 333-189009, 333-182051, 333-167290, 333-139063, and 333-41352 on Form S-8 of our reports dated March 26, 2020, relating to the financial statements of Raven Industries, Inc. and the effectiveness of Raven Industries, Inc.'s internal control over financial reporting appearing in this Annual Report on Form 10-K for the year ended January 31, 2020.

/s/ Deloitte & Touche LLP
Minneapolis, Minnesota
March 26, 2020

RAVEN INDUSTRIES, INC.**CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO
RULE 13A-14(A) OF THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Daniel A. Rykhus, certify that:

1. I have reviewed this Annual Report on Form 10-K of Raven Industries, Inc. (the Registrant);
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; and
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 Registrant's board of directors (or others performing the equivalent function):
 - 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 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 controls over financial reporting.

Dated: March 26, 2020

/s/ Daniel A. Rykhus

Daniel A. Rykhus

President and Chief Executive Officer

RAVEN INDUSTRIES, INC.

**CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO
RULE 13A-14(A) OF THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Steven E. Brazones, certify that:

1. I have reviewed this Annual Report on Form 10-K of Raven Industries, Inc. (the Registrant);
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; and
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 Registrant's board of directors (or others performing the equivalent function):
 - 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 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 controls over financial reporting.

Dated: March 26, 2020

/s/ Steven E. Brazones

Steven E. Brazones

Vice President and Chief Financial Officer

RAVEN INDUSTRIES, INC.**CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE
SARBANES-OXLEY ACT OF 2002**

The undersigned, Daniel A. Rykhus, President and Chief Executive Officer of Raven Industries, Inc., has executed this Certification in connection with the filing with the Securities and Exchange Commission of Raven Industries, Inc.'s Annual Report on Form 10-K for the fiscal year ended January 31, 2020 (the Report).

The undersigned hereby certifies, to his knowledge, that:

- the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Raven Industries, Inc.

Dated: March 26, 2020

/s/ Daniel A. Rykhus

Daniel A. Rykhus

President and Chief Executive Officer

RAVEN INDUSTRIES, INC.**CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE
SARBANES-OXLEY ACT OF 2002**

The undersigned, Steven E. Brazones, the Vice President and Chief Financial Officer of Raven Industries, Inc., has executed this Certification in connection with the filing with the Securities and Exchange Commission of Raven Industries, Inc.'s Annual Report on Form 10-K for the fiscal year ended January 31, 2020 (the Report).

The undersigned hereby certifies, to his knowledge, that:

- the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Raven Industries, Inc.

Dated: March 26, 2020

/s/ Steven E. Brazones

Steven E. Brazones

Vice President and Chief Financial Officer