

REFINITIV

## DELTA REPORT

10-Q

ATRI - ATRION CORP

10-Q - JUNE 30, 2023 COMPARED TO 10-Q - MARCH 31, 2023

The following comparison report has been automatically generated

TOTAL DELTAS 2559

■ CHANGES	136
■ DELETIONS	150
■ ADDITIONS	2273

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

## FORM 10-Q

**Quarterly Report Pursuant To Section 13 or 15(d) of the Securities Exchange Act of 1934 for the Quarterly Period Ended March 31, 2023**  
**Report**  
**Pursuant To**  
**Section 13 or**  
**15(d) of the**  
**Securities**  
**Exchange**  
**Act of 1934**  
**for the**  
**Quarterly**  
**Period Ended**  
**June 30, 2023**

or

**Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the Transition Period from to**  
**Report**  
**Pursuant to**  
**Section 13 or**  
**15(d) of the**  
**Securities**  
**Exchange Act**  
**of 1934 for**  
**the**  
**Transition**  
**Period from**  
**to**

Commission File Number 001-32982

## Atrion Corporation

(Exact Name of Registrant as Specified in its Charter)

---

**Delaware**

(State or Other Jurisdiction of  
Incorporation or Organization)

**63-0821819**

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

One Allentown Parkway, Allen, Texas 75002

(Address of Principal Executive Offices) (Zip Code)

(972) 390-9800

One Allentown Parkway, Allen, Texas 75002

(Registrant's Telephone Number, Including Area Code)

(Address of Principal Executive Offices) (Zip Code)

(972) 390-9800

(Registrant's Telephone Number, Including Area Code)

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, Par Value \$0.10 per share	ATRI	The Nasdaq Global Select Market

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 Registration 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 definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Title of Each Class	Number of Shares Outstanding at	
	April 27, 2023	July 28, 2023
Common stock, Par Value \$0.10 per share	1,760,495	1,759,650

## ATRION CORPORATION AND SUBSIDIARIES

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**PART I**

**FINANCIAL INFORMATION**

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**Item 1. Financial Statements.**

**ATRION CORPORATION AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF INCOME**  
**(Unaudited)**

	Three Months Ended		Three Months Ended		Six Months Ended	
	March 31,		June 30,		June 30,	
	2023	2022	2023	2022	2023	2022
(in thousands, except per share amounts)						
Revenues	\$ 39,993	\$ 47,138	\$ 43,838	\$ 48,882	\$ 83,831	\$ 96,020
Cost of goods sold	24,912	27,894	26,584	28,049	51,496	55,943
Gross profit	15,081	19,244	17,254	20,833	32,335	40,077
Operating expenses:						
Selling	2,727	2,517	2,317	2,629	5,045	5,146
General and administrative	6,254	5,100	5,951	5,622	12,205	10,723
Research and development	1,630	1,377	1,607	1,553	3,236	2,929
	10,611	8,994	9,875	9,804	20,486	18,798
Operating income	4,470	10,250	7,379	11,029	11,849	21,279
Interest and dividend income	240	137	127	292	367	429
Other investment income/(losses)	(721)	(240)	98	(308)	(623)	(548)

Other income	10	25	29	60	39	85
Interest Expense			(27)	-	(27)	-
	(471)	(78)	227	44	(244)	(34)
Income before provision for income taxes	3,999	10,172	7,606	11,073	11,605	21,245
Provision for income taxes	(514)	(1,673)	(1,043)	(1,725)	(1,557)	(3,398)
Net income	\$ 3,485	\$ 8,499	\$ 6,563	\$ 9,348	\$ 10,048	\$ 17,847
Net income per basic share	\$ 1.98	\$ 4.73	\$ 3.73	\$ 5.21	\$ 5.71	\$ 9.94
Weighted average basic shares outstanding	1,762	1,799	1,760	1,794	1,761	1,796
Net income per diluted share	\$ 1.98	\$ 4.71	\$ 3.73	\$ 5.20	\$ 5.70	\$ 9.91
Weighted average diluted shares outstanding	1,763	1,803	1,761	1,798	1,762	1,800
Dividends per common share	\$ 2.15	\$ 1.95	\$ 2.15	\$ 1.95	\$ 4.30	\$ 3.90

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

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**ATRION CORPORATION AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
**(Unaudited)**

	March 31,		December 31,	
	2023		2022	
<b>Assets</b>			(in thousands)	
Current assets:				
Cash and cash equivalents		\$ 4,563	\$ 4,731	
Short-term investments		13,013	21,152	
Accounts receivable		19,424	23,951	
Inventories		75,093	65,793	
Prepaid expenses and other current assets		2,496	3,770	
		114,589	119,397	
Long-term investments		8,697	8,669	
Property, plant and equipment		275,575	270,642	
Less: accumulated depreciation and amortization		150,208	146,888	
		125,367	123,754	
Other assets and deferred charges:				
Patents and licenses		1,157	1,185	
Goodwill		9,730	9,730	
Other		1,889	1,977	
		12,776	12,892	
Total assets		\$ 261,429	\$ 264,712	

	June 30, 2023	December 31, 2022
	(in thousands)	
<b>Assets</b>		
<b>Current assets:</b>		
<b>Cash and cash equivalents</b>	\$ 309	\$ 4,731
<b>Short-term investments</b>	5,132	21,152
<b>Accounts receivable</b>	23,693	23,951
<b>Inventories</b>	80,252	65,793
<b>Prepaid expenses and other current assets</b>	6,623	3,770
	<u>116,009</u>	<u>119,397</u>
<b>Long-term investments</b>	10,186	8,669
<b>Property, plant and equipment</b>	281,359	270,642
Less accumulated depreciation and amortization	153,652	146,888
	<u>127,707</u>	<u>123,754</u>
<b>Other assets and deferred charges:</b>		
<b>Patents and licenses</b>	1,128	1,185
<b>Goodwill</b>	9,730	9,730
<b>Other</b>	2,065	1,977
	<u>12,923</u>	<u>12,892</u>
<b>Total assets</b>	<b>\$ 266,825</b>	<b>\$ 264,712</b>
<b>Liabilities and Stockholders' Equity</b>		
<b>Current liabilities:</b>		
<b>Accounts payable and accrued liabilities</b>	\$ 16,113	\$ 18,024
<b>Accrued income and other taxes</b>	1,058	74
	<u>17,171</u>	<u>18,098</u>
<b>Line of credit</b>	-	3,835
<b>Other non-current liabilities</b>	5,617	7,073
	5,646	7,073
<b>Stockholders' equity:</b>		
<b>Common stock, par value \$0.10 per share; authorized 10,000 shares, issued 3,420 shares</b>	342	342
<b>Additional paid-in capital</b>	66,382	66,347
<b>Retained earnings</b>	377,380	377,682
<b>Treasury shares, 1,660 at March 31, 2023 and 1,659 at December 31, 2022, at cost</b>	(205,463)	(204,830)
<b>Treasury shares, 1,660 at June 30, 2023 and 1,659 at December 31, 2022, at cost</b>		
	(206,524)	(204,830)
<b>Total stockholders' equity</b>	<b>238,641</b>	<b>239,541</b>
	<u>240,916</u>	<u>239,541</u>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 261,429</b>	<b>\$ 264,712</b>
	<u>\$ 266,825</u>	<u>\$ 264,712</u>

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

**ATRION CORPORATION AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Uaudited)

	Three Months Ended March 31,		Six Months Ended June 30,	
	2023	2022	2023	2022
	(In thousands)		(In thousands)	
<b>Cash flows from operating activities:</b>				
Net income	\$ 3,485	\$ 8,499	\$ 10,048	\$ 17,847
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	3,509	3,420	7,264	6,866
Deferred income taxes	(1,394)	(730)	(1,249)	(535)
Stock-based compensation	407	530	1,039	1,321
Net change in unrealized gains and losses on investments	721	167	623	475
Net change in accrued interest, premiums, and discounts on investments	(77)	77	(111)	202
Other	-	-	-	-
	<u>6,651</u>	<u>11,963</u>	<u>17,614</u>	<u>26,176</u>
<b>Changes in operating assets and liabilities:</b>				
Accounts receivable	4,527	(3,135)	258	(6,516)
Inventories	(9,300)	(636)	(14,459)	(3,503)
Prepaid expenses	979	4	(3,142)	(2,201)
Other non-current assets	382	630	200	573
Accounts payable and accrued liabilities	167	318	2,637	2,165
Accrued income and other taxes	984	2,373	799	1,141
Other non-current liabilities	(62)	330	(177)	502
Cash flows from operating activities	<u>4,328</u>	<u>11,847</u>	<u>3,730</u>	<u>18,337</u>
<b>Cash flows from investing activities:</b>				
Property, plant and equipment additions	(7,543)	(7,577)	(16,702)	(15,247)
Purchase of investments	(4,160)	(10,009)	(5,644)	(22,322)
Proceeds from sale of investments	52	82	131	208
Proceeds from maturities of investments	11,574	5,226	19,503	19,978
Cash flows from investing activities	<u>(77)</u>	<u>(12,278)</u>	<u>(2,712)</u>	<u>(17,383)</u>
<b>Cash flows from financing activities:</b>				
Purchase of treasury stock	(613)	(3,447)	(1,650)	(9,340)
Shares tendered for employees' withholding taxes on stock-based compensation	(22)	-	(57)	(454)
Dividends paid	(3,784)	(3,500)	(7,568)	(6,987)
Proceeds from draw on line of credit			14,540	-
Repayment of draw on line of credit			(10,705)	-
Cash flows from financing activities	<u>(4,419)</u>	<u>(6,947)</u>	<u>(5,440)</u>	<u>(16,781)</u>
Net change in cash and cash equivalents	(168)	(7,378)	(4,422)	(15,827)
Cash and cash equivalents at beginning of period	4,731	32,264	4,731	32,264
Cash and cash equivalents at end of period	<u>\$ 4,563</u>	<u>\$ 24,886</u>	<u>\$ 309</u>	<u>\$ 16,437</u>
<b>Cash paid for:</b>				
Income taxes	\$ 146	\$ 1,752	\$ 2,853	\$ 3,952

Non-cash financing activities:							
Non-cash effect of stock option exercises						\$ -	\$ 4,008

The accompanying notes to the condensed consolidated financial statements are an integral part of these statements

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**ATRION CORPORATION AND SUBSIDIARIES**  
**NOTES TO CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY**  
**(Unaudited)**

<b>For the Three Months Ended</b>								
	<b>Common Stock</b>			<b>Treasury Stock</b>			<b>Additional</b>	
	<b>Shares</b>	<b>Outstanding</b>	<b>Amount</b>	<b>Shares</b>	<b>Amount</b>	<b>Paid-in Capital</b>	<b>Retained Earnings</b>	<b>Total</b>
Balances, January 1, 2022		1,801	\$ 342	1,619	\$ (174,544)	\$ 61,174	\$ 357,324	\$ 244,296
Net income							8,499	8,499
Stock-based compensation transactions					6	386		392
Purchase of Treasury Stock		(6)		6	(3,447)			(3,447)
Dividends							(3,510)	(3,510)
Balances, March 31, 2022		1,795	\$ 342	1,625	\$ (177,985)	\$ 61,560	\$ 362,313	\$ 246,230
<b>Balances,</b>								
<b>January 1, 2023</b>	<b>1,761</b>	<b>\$ 342</b>	<b>1,659</b>	<b>\$ (204,830)</b>	<b>\$ 66,347</b>	<b>\$ 377,682</b>	<b>\$ 239,541</b>	
<b>For the Three Months Ended</b>				<b>For the Three Months Ended</b>				
<b>Months Ended</b>				<b>Common Stock</b>	<b>Treasury Stock</b>	<b>Additional</b>		
				<b>Shares</b>	<b>Shares</b>	<b>Paid-in Capital</b>	<b>Retained Earnings</b>	
				<b>Outstanding</b>	<b>Amount</b>			
Balances, April 1, 2022				1,795	\$ 342	1,625	\$ (177,985)	\$ 61,560 \$ 362,313
Net income				3,485	3,485			9,348
Stock-based compensation transactions		2	35	37		3	(3)	(3,887) 4,607
Shares surrendered in stock transactions			(22)		(22)	(1)	1	(454)
Purchase of treasury stock	(1)	1	(613)		(613)	(9)	9	(5,893)
Dividends				(3,787)	(3,787)			(3,496)
Balances, March 31, 2023		1,760	\$ 342	1,660	\$ (205,463)	\$ 66,382	\$ 377,380	\$ 238,641
Balances, June 30, 2022						1,788	\$ 342	1,632 \$ (188,219) \$ 66,167 \$ 368,165
Balances, April 1, 2023						1,760	\$ 342	1,660 \$ (205,463) \$ 66,382 \$ 377,380
Net income								6,563

Stock-based compensation transactions	1	(1)	11	564
Shares surrendered in stock transactions				
in stock transactions				
(35)				
Purchase of treasury stock	(1)	1	(1,037)	
Dividends				
Balances, June 30, 2023	1,760	\$ 342	1,660	\$ (206,524) \$ 66,946 \$ 380,152

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

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#### ATRION CORPORATION AND SUBSIDIARIES

#### NOTES CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

(Unaudited)

	For the Six Months Ended						
	Common Stock		Treasury Stock		Additional		
	Shares	Amount	Shares	Amount	Paid-in Capital	Retained Earnings	Total
Balances, January 1, 2022	1,801	\$ 342	1,619	\$ (174,544)	\$ 61,174	\$ 357,324	\$ 244,296
Net income					17,847	17,847	
Stock-based compensation transactions	3		(3)	(3,881)	4,993		1,112
Shares surrendered in stock transactions	(1)		1	(454)			(454)
Purchase of Treasury Stock	(15)		15	(9,340)			(9,340)
Dividends					(7,006)	(7,006)	
Balances, June 30, 2022	1,788	\$ 342	1,632	\$ (188,219)	\$ 66,167	\$ 368,165	\$ 246,455
Balances, January 1, 2023	1,761	\$ 342	1,659	\$ (204,830)	\$ 66,347	\$ 377,682	\$ 239,541
Net income					10,048	10,048	
Stock-based compensation transactions	1		(1)	13	599		612
Shares surrendered in stock transactions				(57)			(57)
Purchase of Treasury Stock	(2)		2	(1,650)			(1,650)
Dividends					(7,578)	(7,578)	
Balances, June 30, 2023	1,760	\$ 342	1,660	\$ (206,524)	\$ 66,946	\$ 380,152	\$ 240,916

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

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#### ATRION CORPORATION AND SUBSIDIARIES

#### NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

##### (1) Basis of Presentation

The accompanying unaudited condensed consolidated financial statements of Atrion Corporation and its subsidiaries (collectively referred to herein as "Atrion," the "Company," "we," "our," or "us") have been prepared in accordance with accounting principles generally accepted in the United States (US GAAP) for interim financial information and with the instructions to Form 10-Q. Accordingly, they do not include all of the information and notes required by US GAAP for complete financial

statements. In the opinion of management, these statements include all normal and recurring adjustments necessary to present a fair statement of our consolidated results of operations, financial position, and cash flows. Certain prior-year balances have been reclassified in order to conform to the current year presentation. Operating results for any interim period are not necessarily indicative of the results that may be expected for the full year. Preparation of the Company's financial statements in conformity with US GAAP requires management to make estimates and assumptions that can have a significant impact on our revenue, operating income, and net income, as well as on the value of certain assets and liabilities on our consolidated balance sheets. We base our assumptions, judgments, and estimates on historical experience and various other factors that we believe to be reasonable under the circumstances. We are not aware of any specific event or circumstance that would require updates to our estimates or judgments or require us to revise the carrying value of our assets or liabilities as of **May 8, 2023** **August 8, 2023**, the date of issuance of this Quarterly Report on Form 10-Q. However, these estimates may change as new events occur and additional information is obtained. Actual results could differ materially from these estimates under different assumptions or conditions. At least quarterly, we evaluate our assumptions, judgments, and estimates, and make changes as we deem necessary.

This Quarterly Report on Form 10-Q should be read in conjunction with the Company's consolidated financial statements and notes included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2022 ("2022 Form 10-K").

## (2) Inventories

Inventories are stated at the lower of cost or net realizable value. Cost is determined by using the first-in, first-out method. The following table details the major components of inventories (in thousands):

	March 31, 2023	December 31, 2022	June 30, 2023	December 31, 2022
	\$ 35,367	\$ 33,329	\$ 38,320	\$ 33,329
Raw materials	\$ 15,093	\$ 13,618	\$ 15,870	\$ 13,618
Work in process				
Finished goods	\$ 24,633	\$ 18,846	\$ 26,062	\$ 18,846
Total inventories	<b>\$ 75,093</b>	<b>\$ 65,793</b>	<b>\$ 80,252</b>	<b>\$ 65,793</b>

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### ATRION CORPORATION AND SUBSIDIARIES NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

#### (3) Income per share

The following is the computation for basic and diluted income per share:

	Three Months Ended		Three Months ended		Six Months ended	
	March 31,		June 30,		June 30,	
	2023	2022	2023	2022	2023	2022
(in thousands, except per share amounts)						
Net income	\$ 3,485	\$ 8,499	\$ 6,563	\$ 9,348	\$ 10,048	\$ 17,847
Weighted average basic shares outstanding						
outstanding	1,762	1,799	1,760	1,794	1,761	1,796
Weighted average basic shares outstanding						
	1	4	1	4	1	4
Add: Effect of dilutive securities						
Weighted average diluted shares outstanding	1,763	1,803	1,761	1,798	1,762	1,800
<b>Earnings per share:</b>						
Basic	\$ 1.98	\$ 4.73	\$ 3.73	\$ 5.21	\$ 5.71	\$ 9.94
Diluted	\$ 1.98	\$ 4.71	\$ 3.73	\$ 5.20	\$ 5.70	\$ 9.91

Incremental shares from stock options and restricted stock units were included in the calculation of weighted average diluted shares outstanding using the treasury stock method. Potential dilutive securities have been excluded when their inclusion would be anti-dilutive.

## (4) Investments

As of **March 31, 2023** **June 30, 2023**, we held investments in commercial paper, bonds, money market accounts, mutual funds, and equity securities. The commercial paper and bonds are considered held-to-maturity and are recorded at amortized cost in the accompanying consolidated balance sheets. The money market accounts, equity securities, and mutual funds are recorded at fair value in the accompanying consolidated balance sheets. The fair values of these investments were estimated using recently executed transactions and market price quotations. We consider as current assets those investments which will mature in the next 12 months including interest receivable on the long-term bonds. The remaining investments are considered non-current assets which we intend to hold longer than 12 months.

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**ATRION CORPORATION AND SUBSIDIARIES**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**

The components of the Company's cash and cash equivalents and our **short** **short** and long-term investments are as follows (in thousands):

	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2023</b>	<b>December 31, 2022</b>
<b>Cash and cash equivalents:</b>				
Money market funds	\$ 2,207	\$ 2,380	\$ 307	\$ 2,380
Commercial Paper	1,744	1,748		
Cash deposits	<u>612</u>	<u>603</u>	2	603
Commercial paper			-	1,748
Total cash and cash equivalents	<u>\$ 4,563</u>	<u>\$ 4,731</u>	<u>\$ 309</u>	<u>\$ 4,731</u>
<b>Short-term investments:</b>				
Bonds (held-to-maturity)	\$ 9,802	\$ 8,597	\$ 4,164	\$ 8,597
Commercial paper (held-to-maturity)	2,976	12,227	745	12,227
Equity securities (available for sale)	236	330	223	330
Allowance for credit losses	<u>(1)</u>	<u>(2)</u>	-	(2)
Total short-term investments	<u>\$ 13,013</u>	<u>\$ 21,152</u>	<u>\$ 5,132</u>	<u>\$ 21,152</u>
<b>Long-term investments:</b>				
Equity securities (available for sale)	\$ 4,486	\$ 5,139	\$ 4,506	\$ 5,139
Bonds (held-to-maturity)	3,886	3,180	3,860	3,180
Mutual funds (available for sale)	325	350	1,820	350
Total long-term investments	<u>\$ 8,697</u>	<u>\$ 8,669</u>	<u>\$ 10,186</u>	<u>\$ 8,669</u>
<b>Total cash, cash equivalents and short and long-term investments</b>	<b><u>\$ 26,273</u></b>	<b><u>\$ 34,552</u></b>	<b><u>\$ 15,627</u></b>	<b><u>\$ 34,552</u></b>

We utilize a lifetime "expected credit loss" measurement objective for the recognition of credit losses for held-to-maturity securities at the time the financial asset is originated or acquired. The expected credit losses are adjusted each period for changes in expected lifetime credit losses. During the **first** **second** quarter of 2023, our allowance for credit losses was immaterial.

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**ATRION CORPORATION AND SUBSIDIARIES**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**

The following table summarizes the amortized cost of our held-to-maturity bonds at **March 31, 2023** **June 30, 2023** aggregated by credit quality indicator (in thousands):

**Held-to-Maturity Bonds**

Held-to-Maturity Bonds											
Credit Quality Indicators	Fed Govt. Bonds/Notes		Municipal Bonds		Corporate Bonds		Municipal Bonds		Corporate Bonds		
	AAA/AA/A	BBB/BB	TOTAL	156	-	4,737	4,893	127	-	4,100	4,227
AAA/AA/A	\$ 156	\$ -	\$ 156	\$ 156	\$ -	\$ 4,737	\$ 4,893	\$ 127	\$ -	\$ 4,100	\$ 4,227
BBB/BB	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,795	\$ 8,795	\$ -	\$ -	\$ 3,797	\$ 3,797
<b>TOTAL</b>	<b>\$ 156</b>	<b>\$ -</b>	<b>\$ 156</b>	<b>\$ 156</b>	<b>\$ -</b>	<b>\$ 13,532</b>	<b>\$ 13,688</b>	<b>\$ 127</b>	<b>\$ -</b>	<b>\$ 7,897</b>	<b>\$ 8,024</b>

Our investments are required to be measured for disclosure purposes at fair value on a recurring basis. Our investments are considered Level 1 or Level 2 as detailed in the table below. The fair values of these investments were estimated using recently executed transactions and market price quotations. The amortized cost and fair value of our investments, and the related gross unrealized gains and losses, were as follows as of the dates shown below (in thousands):

	Gross Unrealized					Gross Unrealized				
	Level	Cost	Gains	Losses	Fair Value	Level	Cost	Gains	Losses	Fair Value
<b>As of March 31, 2023:</b>										
<b>As of June 30, 2023:</b>										
Money market	1	\$ 2,207	\$ -	\$ -	\$ 2,207	1	\$ 307	\$ -	\$ -	\$ 307
Commercial paper	2	\$ 4,720	\$ -	\$ (2)	\$ 4,718	2	\$ 745	\$ -	\$ -	\$ 745
Bonds	2	\$ 13,688	\$ 8	\$ (251)	\$ 13,445	2	\$ 8,024	\$ 2	\$ (197)	\$ 7,829
Mutual funds	1	\$ 416	\$ -	\$ (91)	\$ 325	1	\$ 1,821	\$ -	\$ (1)	\$ 1,820
Equity investments	2	\$ 6,054	\$ -	\$ (1,332)	\$ 4,722	2	\$ 6,054	\$ -	\$ (1,325)	\$ 4,729
<b>As of December 31, 2022:</b>										
Money Market	1	\$ 2,380	\$ -	\$ -	\$ 2,380	1	\$ 2,380	\$ -	\$ -	\$ 2,380
Commercial paper	2	\$ 13,975	\$ 1	\$ (9)	\$ 13,967	2	\$ 13,975	\$ 1	\$ (9)	\$ 13,967
Bonds	2	\$ 11,777	\$ -	\$ (353)	\$ 11,424	2	\$ 11,777	\$ -	\$ (353)	\$ 11,424
Mutual funds	1	\$ 466	\$ -	\$ (116)	\$ 350	1	\$ 466	\$ -	\$ (116)	\$ 350
Equity investments	2	\$ 6,054	\$ -	\$ (585)	\$ 5,469	2	\$ 6,054	\$ -	\$ (585)	\$ 5,469

The carrying value of our investments is reviewed quarterly for changes in circumstances or the occurrence of events that suggests an investment may not be fully recoverable. The bonds represent investments in various issuers at **March 31, 2023** **June 30, 2023**. The unrealized losses for some of these bond investments reflect changes in interest rates following their acquisition. As of **March 31, 2023** **June 30, 2023**, we had **nine** **seven** bond investments in a loss position for more than 12 months.

At **March 31, 2023** **June 30, 2023**, the length of time until maturity of the commercial paper we owned ranged from less than a month to **five** **two** months and the length of time to maturity for the bonds ranged from less than a month to **24** **23** months.

As of **March 31, 2023** **June 30, 2023**, there were expenditures of **\$3.4 million** **\$199 thousand** related to property, plant, and equipment included in our accounts payable and accrued liabilities balance.

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**ATRION CORPORATION AND SUBSIDIARIES**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**

**(5) Patents and Licenses**

Patents and license fees paid for the use of other entities' patents are amortized over the useful life of the patent or license. The following tables provide information regarding patents and licenses (dollars in thousands):

March 31, 2023						December 31, 2022						June 30,						June 30, 2023						December 31, 2022																					
June 30,						June 30, 2023						June 30,						Weighted		Average		Original		Gross		Carrying		Accumulated		Life		Carrying		Accumulated		Amortization		Amount		Amortization		Amount		Amortization	
2023		Weighted		Weighted		Gross		Carrying		Original		Gross		Carrying		Accumulated		Life		Carrying		Accumulated		Amortization		Amount		Amortization		Amount		Amortization													
Original	Life	Original	Gross	Original	Gross	Original	Gross	Original	Gross	Original	Gross	Original	Gross	Original	Gross	Original	Gross	Original	Gross	Original	Gross	Original	Gross	Original	Gross	Original	Gross	Original	Gross	Original	Gross														
(years)	(years)	(years)	(years)	(years)	(years)	(years)	(years)	(years)	(years)	(years)	(years)	(years)	(years)	(years)	(years)	(years)	(years)	(years)	(years)	(years)	(years)	(years)	(years)	(years)	(years)	(years)	(years)	(years)	(years)	(years)	(years)														
		15.67	\$ 13,840	\$ 12,683	15.67	\$ 13,840	\$ 12,655																																						
		<b>15.67</b>																																											

Aggregated amortization expense for patents and licenses was \$28 thousand and \$30 thousand in the three-month period ended **March 31, 2023** **June 30, 2023** and **March 31, 2022** **June 30, 2022**, respectively. Aggregated amortization expense for patents and licenses was \$57 thousand and \$60 thousand in the six-month period ended **June 30, 2023** and **June 30, 2022**, respectively.

Estimated future amortization expense for each of the years set forth below ending December 31 is as follows (in thousands):

2024	\$ 113
2025	\$ 112
2026	\$ 112
2027	\$ 108
2028	\$ 108

**(6) Revenues**

We recognize revenue when performance obligations under the terms of a contract with our customer are satisfied. This occurs with the transfer of control of our products to customers when products are shipped. Revenue is measured as the amount of consideration we expect to receive in exchange for transferring products or services. Sales and other taxes we may collect concurrent with revenue-producing activities are excluded from revenue.

A summary of revenue by geographic area, based on shipping destination, for the three and six months ended **March 31, 2023** **June 30, 2023** and 2022 is as follows (in thousands):

	Three Months Ended						Six Months Ended					
	June 30,			June 30,			June 30,			June 30,		
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
United States	\$ 24,868	\$ 26,995	\$ 27,580	\$ 29,346	\$ 52,448	\$ 56,341						
European Union	8,085	9,337	6,581	8,142	14,666	17,479						
All other regions	7,040	10,806	9,677	11,394	16,717	22,200						
Total	\$ 39,993	\$ 47,138	\$ 43,838	\$ 48,882	\$ 83,831	\$ 96,020						

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**ATRION CORPORATION AND SUBSIDIARIES**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
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A summary of revenue by product line for the three and six months ended **March 31, 2023** **June 30, 2023** and 2022 is as follows (in thousands):

	Three Months Ended				Six Months Ended			
	June 30,		June 30,		June 30,		June 30,	
	2023	2022	2023	2022	2023	2022	2023	2022
Fluid Delivery	\$ 17,587	\$ 24,114	\$ 17,287	\$ 21,556	\$ 34,874	\$ 45,670		
Cardiovascular	15,665	15,303	18,733	18,082	34,398	33,385		
Ophthalmology	1,359	1,084	2,790	1,804	4,149	2,888		
Other	5,382	6,637	5,028	7,440	10,410	14,077		
<b>Total</b>	<b>\$ 39,993</b>	<b>\$ 47,138</b>	<b>\$ 43,838</b>	<b>\$ 48,882</b>	<b>\$ 83,831</b>	<b>\$ 96,020</b>		

More than 98 percent of our total revenue in the periods presented herein is pursuant to shipments initiated by a purchase order (our "contract") and recognized at a single point in time when the performance obligation of the product being shipped is satisfied, rather than recognized over time, and is presented as a receivable on the balance sheet. Payment is typically due within 30 days.

We maintain an allowance for doubtful accounts to reflect estimated losses resulting from the failure of customers to make required payments. We calculate our credit loss allowance for our trade receivables following a lifetime "expected credit loss" measurement objective. An account is written off when we determine the receivable will not be collected. Historically, bad debt has been immaterial.

We have elected to recognize the cost of shipping as an expense in cost of sales when control over the product has transferred to the customer.

We do not make any material accruals for product returns and warranty obligations because our returns and warranty obligations have been very low due to our focus on quality control.

We do not disclose the value of unsatisfied performance obligations for contracts for which we recognize revenue at the amount for which we have the right to invoice. We believe that the complexity added to our disclosures by the inclusion of a large amount of insignificant detail in attempting to disclose information about immaterial contracts would potentially obscure more useful and important information.

#### **(7) Recent Accounting Pronouncements**

From time to time, new accounting pronouncements applicable to us are issued by the Financial Accounting Standards Board or other standards-setting bodies. We generally adopt these standards as of the specified effective date. Unless otherwise discussed, we believe the impact of recently issued standards that are not yet effective will not have a material impact on our consolidated financial statements upon adoption.

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#### **Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.**

##### **Overview**

We develop and manufacture products primarily for medical applications. We market components to other equipment manufacturers for incorporation in their products and sell finished devices to physicians, hospitals, clinics, and other treatment centers. Our medical products primarily serve the fluid delivery, cardiovascular, and ophthalmology markets. Our other medical and non-medical products include instrumentation and disposables used in valves and inflation devices used in marine and aviation safety products.

Our products are used in a wide variety of applications by numerous customers. We encounter competition in all of our markets and compete primarily on the basis of product quality, price, engineering, customer service, and delivery time.

Our business strategy is to provide hospitals, physicians, and other healthcare providers with the tools they need to improve the lives of the patients they serve. To do so, we provide a broad selection of products in the areas of our expertise. We have diverse product lines serving primarily the fluid delivery, cardiovascular, and ophthalmic markets, and this diversity has served us well as we encounter changing market conditions. Research and development, or R&D, efforts are focused on improving current

products and developing highly-engineered products that meet customer needs and serve niche markets with meaningful sales potential. Proposed new products may be subject to regulatory clearance or approval prior to commercialization and the time period for introducing a new product to the marketplace can be unpredictable. We also focus on controlling costs by investing in modern manufacturing technologies and controlling purchasing processes. We have been successful in consistently generating cash from operations and have used that cash to reduce or eliminate indebtedness, to fund capital expenditures, to make investments, to repurchase stock, and to pay dividends.

Our strategic objective is to further enhance our position in our served markets by:

- Focusing on customer needs;
- Expanding existing product lines and developing new products; ones;
- Maintaining a culture of controlling investing in our future growth, while balancing the need to sensibly control cost; and
- Preserving and fostering a collaborative, entrepreneurial management structure, culture.

For the three months ended **March 31, 2023** **June 30, 2023**, we reported revenues of **\$40.0 million** **\$43.8 million**, down **15** **10** percent, operating income of **\$4.5 million** **\$7.4 million**, down **56** **33** percent, and net income of **\$3.5 million** **\$6.6 million**, down **59** **30** percent from the three months ended **March 31, 2022** **June 30, 2022**.

#### **Results for the three months ended **March 31, 2023** **June 30, 2023****

Consolidated net income totaled **\$3.5 million** **\$6.6 million**, or **\$1.98** **\$3.73** per basic and **\$3.73** per diluted share, in the **first** **second** quarter of 2023. This is compared with consolidated net income of **\$8.5 million** **\$9.3 million**, or **\$4.73** **\$5.21** per basic and **\$4.71** **\$5.20** per diluted share, in the **first** **second** quarter of 2022. The income per basic share computations are based on weighted average basic shares outstanding of **1,762** **1,760** thousand in the 2023 period and **1,799** **1,794** thousand in the 2022 period. The income per diluted share computations are based on weighted average diluted shares outstanding of **1,763** **1,761** thousand in the 2023 period and **1,803** **1,798** thousand in the 2022 period.

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Consolidated revenues of **\$40.0 million** **\$43.8 million** for the **first** **second** quarter of 2023 were **15** **10.3** percent lower than revenues of **\$47.1 million** **\$48.9 million** for the **first** **second** quarter of 2022. Several 2022 as customers unexpectedly pushed out deliveries of products citing concerns that a global economic slowdown is impacting the speed at which cite continuing efforts to bring their inventories will be brought to appropriate levels. Our second quarter 2023 results were unfavorably impacted by a 19.8% decrease in Fluid Delivery product line revenue decreased 27 percent and our 32.4% decrease in Other product line revenue declined partially offset by 19 percent, a 54.7% increase in Ophthalmic and 3.6% increase in Cardiovascular revenues compared to the second quarter of 2022.

Revenues by product line were as follows (in thousands):

	Three Months Ended			
	Three Months Ended March 31,		June 30,	
	2023	2022	2023	2022
Fluid Delivery	\$ 17,587	\$ 24,114	\$ 17,287	\$ 21,556
Cardiovascular	15,665	15,303	18,733	18,082
Ophthalmology	1,359	1,084	2,790	1,804
Other	5,382	6,637	5,028	7,440
Total	<b>\$ 39,993</b>	<b>\$ 47,138</b>	<b>\$ 43,838</b>	<b>\$ 48,882</b>

Cost of goods sold of **\$24.9 million** **\$26.6 million** for the **first** **second** quarter of 2023 was **11** **5** percent lower than our cost of goods sold of **\$27.9 million** **\$28.0 million** for the **first** **second** quarter of 2022, primarily due to lower sales volumes. Our cost of goods sold in the **first** **second** quarter of 2023 was **52.3** **60.6** percent of revenue compared to **59.2** **57.4** percent of revenue in the **first** **second** quarter of 2022.

Gross profit of **\$15.1 million** **\$17.3 million** in the **first** **second** quarter of 2023 was down **\$4.2 million** **\$3.6 million** or **22** **17.2** percent versus lower than in the comparable 2022 period. Our gross profit percentage in the **first** **second** quarter of 2023 was **37.7** **39.4** percent of revenues compared with **40.8** **42.6** percent of revenues in the **first** **second** quarter of 2022. The decrease in gross profit percentage in the 2023 period compared to the 2022 period was related to higher manufacturing costs and the mix of products shipped.

Our **first** **second** quarter 2023 operating expenses of **\$10.6 million** **\$9.9 million** were **\$1.6 million** **\$71 thousand** higher than the operating expenses for the **first** **second** quarter of 2022. This increase was attributable to a **\$1.2 million** **\$328 thousand** increase in general and administrative expenses, primarily for compensation related to and a one-time retirement-related bonus, a **\$253** **\$54 thousand** increase in R&D expenses, both of which were primarily related to compensation and for outside services, and partially offset by a **\$211** **\$312 thousand** increase decrease in selling expenses, related to compensation, primarily for outside services.

Operating income of **\$4.5 million** **\$7.4 million** in the **first** **second** quarter of 2023 represented a **\$5.8 million** **\$3.7 million**, or **56.4** **33.1** percent, decrease in operating income over **first** **second** compared to **second** quarter 2022 operating income. This decrease was due to lower sales and higher operating expenses, partially offset by lower cost of goods sold, the gross profit decrease discussed above. Operating income was **11.2** **16.8** percent of revenues for the **first** **second** quarter of 2023 and **21.7** **22.6** percent of revenues for the **first** **second** quarter of 2022.

Interest and dividend income in the **first** **second** quarter of 2023 was **\$240** thousand compared with **\$137** thousand for the same period in the prior year. The increase was attributable to higher interest income received on investments.

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Interest and dividend income in the **second** quarter of 2023 was **\$127** thousand compared with **\$292** thousand for the same period in the prior year. The decrease in interest and dividend income was due to dividends received on equity investments in the prior-year period.

Other investment income in the **first** **second** quarter of 2023 was a **\$721** **\$98 thousand** loss gain compared with a **Other investment loss of \$240** **\$308 thousand** in the **first** **second** quarter of 2022. These amounts were attributable to unrealized gains and losses on equity investments resulting from changes in the market values of the investments in each quarter.

Income tax expense was **\$514 thousand** **\$1.0 million** for **first** **the second** quarter of 2023 compared with **\$1.7 million** for the **first** **second** quarter of 2022. The effective tax rate for the **second** quarter of 2023 was 13.7 percent compared with 15.6 percent for the **second** quarter of 2022. The decrease in the **second** quarter 2023 period effective tax expense rate was primarily related to the impact of the R&D tax credit on lower income before income taxes.

#### **Results for the six months ended June 30, 2023**

Consolidated net income totaled **\$10.0 million**, or **\$5.71** per basic and **\$5.70** per diluted share, in the **first** **six months of 2023**. This is compared with consolidated net income of **\$17.8 million**, or **\$9.94** per basic and **\$9.91** per diluted share, in the **first** **six months of 2022**. The income per basic share computations are based on weighted average basic shares outstanding of 1,761 thousand in the 2023 period and 1,796 thousand in the 2022 period. The income per diluted share computations are based on weighted average diluted shares outstanding of 1,762 thousand in the 2023 period and 1,800 thousand in the 2022 period.

Consolidated revenues of **\$83.8 million** for the **first** **six months of 2023** were 12.7 percent lower than revenues of **\$96.0 million** for the **first** **six months of 2022**. This decrease in revenue was due to decreased sales volumes in our Fluid Delivery and Other product lines.

Revenues by product line were as follows (in thousands):

	<b>Six Months Ended</b>	
	<b>June 30,</b>	
	<b>2023</b>	<b>2022</b>
Fluid Delivery	\$ 34,874	\$ 45,670
Cardiovascular	34,398	33,385
Ophthalmology	4,149	2,888
Other	10,410	14,077
<b>Total</b>	<b>\$ 83,831</b>	<b>\$ 96,020</b>

Cost of goods sold of **\$51.5 million** for the **first** **six months of 2023** was **\$4.4 million** lower than in the comparable 2022 period. This decrease was mainly due to lower taxable income, sales volumes. Our cost of goods sold in the **first** **six months of 2023** was 61.4 percent of revenues compared to 58.2 percent of revenues in the **first** **six months of 2022**.

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Gross profit was **\$32.3 million** in the **first** **six months of 2023** and **\$40.1 million** in the **first** **six months of 2022**. Our gross profit percentage was 38.6 percent of revenues in the **first** **six months in 2023** and 41.7 percent in 2022. The decrease in gross profit percentage in the 2023 period compared to the 2022 period was related to higher manufacturing costs.

Operating expenses of **\$20.5 million** for the **first** **six months of 2023** were **\$1.7 million** higher than the operating expenses for the **first** **six months of 2022**. This increase was attributable to a **\$1.5 million** increase in general and administrative expenses, primarily for compensation related to a one-time retirement-related bonus, and a **\$307 thousand** increase in R&D expenses, primarily for compensation and outside services. This increase was partially offset by a **\$101 thousand** decrease in selling expenses, primarily for outside services.

Operating income of \$11.8 million for the first six months of 2023 represented a \$9.4 million or 44.3 percent decrease in operating income from the first six months of 2022. Operating income was 14.1 percent of revenues for the first six months of 2023 and 22.2 percent of revenues for the first six months of 2022. Interest and dividend income for the first six months of 2023 was \$367 thousand, compared with \$429 thousand for the same period in the prior year. The decrease in interest and dividend income was primarily due to dividends received on equity investments in the prior-year period. Other investment income for the first six months of 2023 was a \$623 thousand loss compared to a \$548 thousand loss in the first six months of 2022. These amounts were attributable to unrealized gains and losses on equity investments resulting from changes in the market values of our investments in each time period. Income tax expense was \$1.6 million for the first six months in 2023 and \$3.4 million for the first six months in 2022. The effective tax rate for the first quarter six months of 2023 was 12.9% 13.4 percent, compared with 16.4% 16.0 percent for the first quarter six months of 2022. The decrease in the first quarter 2023 period effective tax rate was primarily related to the impact of the R&D tax credit on lower income before income taxes.

### Liquidity and Capital Resources

As of March 31, 2023 June 30, 2023, we had a \$75.0 million revolving credit facility with a money center bank pursuant to which the lender is obligated to make advances until February 28, 2024. The credit facility is secured by substantially all of our inventories, equipment, and accounts receivable. Interest under the credit facility is assessed at 30-day, 60-day, or 90-day LIBOR, Adjusted Term SOFR, as selected by us, plus 1.0 percent and is payable monthly. We had no outstanding borrowings under the credit facility at March 31, 2023 June 30, 2023 of \$3.8 million and we were in compliance with all financial covenants.

At March 31, 2023 June 30, 2023, we had a total of \$26.3 million \$15.6 million in cash and cash equivalents, short-term investments, and long-term investments. At December 31, 2022, cash and cash equivalents, short-term investments, and long-term investments totaled \$34.6 million.

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Cash flows from operating activities of \$4.3 million \$3.7 million for the three six months ended March 31, 2023 June 30, 2023 were primarily comprised of net income plus the net effect of non-cash expenses and an increase in inventory and a decrease in accounts receivable, prepaid expenses. During the first three six months of 2023, we used \$7.5 million \$16.7 million for the addition of property and equipment, \$4.2 million \$7.6 million for dividends, \$5.6 million for the purchase of investments, \$3.8 million for dividends, and \$613 thousand \$1.7 million for the purchase of treasury stock. During the same period, our maturities and sales of investments generated \$11.6 million \$19.5 million in cash, cash, and our cash borrowings under our credit facility at June 30, 2023 were \$3.8 million. For the three six months ended March 31, 2022 June 30, 2022, cash flows from operating activities of \$11.8 million \$18.3 million were primarily comprised of net income plus the net effect of non-cash expenses and an increase in accounts receivable, payable. During the first three six months of 2022, we used \$10.0 million \$22.3 million for the purchase of investments, \$7.6 million \$15.2 million for the addition of property and equipment, \$3.5 million \$7.0 million for dividends, and \$3.4 million \$9.3 million for the purchase of treasury stock. During the same period, maturities and sales of investments generated \$5.2 million \$20.2 million in cash.

At March 31, 2023 June 30, 2023, we had working capital of \$97.4 million \$99.6 million, including \$4.6 million \$309 thousand in cash and cash equivalents and \$13.0 million \$5.1 million in short-term investments, compared to working capital of \$101.3 million at December 31, 2022. The \$3.9 million \$1.7 million decrease in working capital during the first three six months of 2023 was primarily related to a decrease in short term cash and short-term investments, and accounts receivable, partially offset by an increase in inventory, inventory and prepaid expenses.

We believe that our \$26.3 million \$15.6 million in cash, cash equivalents, short-term investments, and long-term investments, along with cash flows from operations and available borrowings of up to \$75.0 million \$71.2 million under our credit facility, will be sufficient to fund our cash requirements for at least the foreseeable future, including the remaining costs associated with the expansion of one of our manufacturing facilities, future. We believe that our strong financial position would allow us to access equity or debt financing should that be necessary.

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#### COVID-19 Impact

We believe the impact of COVID-19 pandemic on our business has impacted largely diminished at this time; however, uncertainties continue, particularly around disruptions to the global economy, and our business, caused market instability and uncertainty in the labor market, and put pressure on supply chains, and healthcare systems. Even with the public health actions that have been taken to reduce date, the spread and severity of the virus, the global economy and markets continue to experience disruptions, and the virus disease may continue to pose future risks with the emergence of new variants. We will continue to monitor the COVID-19 pandemic as well as resulting legislative and regulatory changes to manage our response and assess and seek to mitigate potential adverse impacts on our business. For additional discussion regarding the COVID-19 pandemic and our related risks, see Part I, Item 1A, "Risk Factors" included in our 2022 Form 10-K.

#### Forward-Looking Statements

Statements in this Management's Discussion and Analysis and elsewhere in this Quarterly Report on Form 10-Q that are forward-looking are based upon current expectations, and actual results or future events may differ materially. Therefore, the inclusion of such forward-looking information should not be regarded as a

representation by us that our objectives or plans will be achieved. Such statements include, but are not limited to, our ability to fund our cash requirements for the foreseeable future with our current assets, long-term investments, cash flow, and borrowings under the credit facility, and our access to equity and debt financing. Words such as "expects," "believes," "anticipates," "intends," "should," "plans," and variations of such words and similar expressions are intended to identify such forward-looking statements. Forward-looking statements contained herein involve numerous risks and uncertainties, and there are a number of factors that could cause actual results or future events to differ materially, including, but not limited to, the following: the risk that the COVID-19 pandemic leads to further material delays and cancellations of, or reduced demand for, procedures in which our products are utilized; curtailed or delayed capital spending by hospitals and other healthcare providers; disruption to our supply chain; closures of our facilities; delays in training; delays in gathering clinical evidence; diversion of management and other resources to respond to the COVID-19 pandemic; the impact of global and regional economic and credit market conditions on healthcare spending; the risk that the COVID-19 pandemic further disrupts local economies and causes economies in our key markets to enter prolonged recessions; changing economic, market and business conditions; acts of war or terrorism; the effects of governmental regulation; the impact of competition and new technologies; slower-than-anticipated introduction of new products or implementation of marketing strategies; implementation of new manufacturing processes or implementation of new information systems; our ability to protect our intellectual property; changes in the prices of raw materials; changes in product mix; intellectual property and product liability claims and product recalls; the ability to attract and retain qualified personnel; and the loss of, or any material reduction in sales to, any significant customers. In addition, assumptions relating to budgeting, marketing, product development and other management decisions are subjective in many respects and thus susceptible to interpretations and periodic review which may cause us to alter our marketing, capital expenditures or other budgets, which in turn may affect our results of operations and financial condition. The forward-looking statements in this Quarterly Report on Form 10-Q are made as of the date hereof, and we do not undertake any obligation, and disclaim any duty, to supplement, update or revise such statements, whether as a result of subsequent events, changed expectations or otherwise, except as required by applicable law.

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**Item 3. Quantitative and Qualitative Disclosures About Market Risk.**

For the quarter ended March 31, 2023 June 30, 2023, we did not experience any material changes in market risk exposures that affect the quantitative and qualitative disclosures presented in our 2022 Form 10-K.

**Item 4. Controls and Procedures.**

Our management, with the participation of our Chief Executive Officer and our Chief Financial Officer, evaluated our disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) as of March 31, 2023 June 30, 2023. Based upon this evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures are effective. There were no changes in our internal control over financial reporting for the quarter ended March 31, 2023 June 30, 2023 that have materially affected or are reasonably likely to materially affect our internal control over financial reporting.

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**PART II - OTHER INFORMATION**

**Item 1. Legal Proceedings.**

We have no pending legal proceedings of the type described in Item 103 of Regulation S-K.

**Item 1A. Risk Factors.**

As of the date of this Report, there has been no material change in the risk factors described in our 2022 Form 10-K.

**Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.**

The table below sets forth information with respect to our purchases of our common stock during each month in the three month three-month period ended March 31, 2023 June 30, 2023.

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Programs	Number of Shares that May Yet Be Purchased Under the Plans or Programs	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs (1)

1/1/2023 to 1/31/2023	--	--	--	131,622
2/1/2023 to 2/28/2023	--	--	--	131,622
3/1/2023 to 3/31/2023	1,035	\$ 592.43	1,035	130,587
<b>Total</b>	<b>1,035</b>	<b>\$ 592.43</b>	<b>1,035</b>	<b>130,587</b>

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs <sup>(1)</sup>
			Plans or Programs	Programs <sup>(1)</sup>
4/1/2023 to 4/30/2023	51	\$ 605.67	51	130,536
5/1/2023 to 5/31/2023	1,783	\$ 564.44	1,783	128,753
6/1/2023 to 6/30/2023	--	--	--	128,753
<b>Total</b>	<b>1,834</b>	<b>\$ 565.59</b>	<b>1,834</b>	<b>128,753</b>

(1) On May 21, 2015, our Board of Directors approved a stock repurchase program pursuant to which we can repurchase up to 250,000 shares of our common stock from time to time in open market or privately-negotiated transactions. At March 31, 2023, we had repurchased 119,413

(1) On May 21, 2015, our Board of Directors approved a stock repurchase program pursuant to which we can repurchase up to 250,000 shares of our common stock from time to time in open market or privately-negotiated transactions. At June 30, 2023, we had repurchased 121,247 shares of our common stock authorized under the program approved in May 2015. Our stock repurchase program has no expiration date but may be terminated by our Board of Directors at any time.

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### Item 6. Exhibits.

#### Exhibit Index

Exhibit Number	Description
10.1	<a href="#">Second Amendment to Credit Agreement dated as of June 29, 2023 by and between Atrion Corporation, as Borrower, and Wells Fargo Bank, National Association, as Lender</a>
10.2	<a href="#">Atrion Corporation 2023 Annual Incentive Compensation Plan incorporated by reference to Exhibit 10.1 to Atrion Corporation Form 8-K filed May 25, 2023</a>
31.1	<a href="#">Sarbanes-Oxley Act Section 302 Certification of Chief Executive Officer</a>
31.2	<a href="#">Sarbanes-Oxley Act Section 302 Certification of Chief Financial Officer</a>
32.1	<a href="#">Certification Pursuant To 18 U.S.C. Section 1350, As Adopted Pursuant To Section 906 of The Sarbanes – Oxley Act Of 2002</a>
32.2	<a href="#">Certification Pursuant To 18 U.S.C. Section 1350, As Adopted Pursuant To Section 906 of The Sarbanes – Oxley Act Of 2002</a>
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document

[Table of Contents](#)**SIGNATURES**

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

Atrion Corporation

(Registrant)

Date: August 8, 2023

By: /s/ David A. Battat

Date: May 8, 2023

By: /s/ David A. BattatDavid A. BattatPresident and  
Chief Executive OfficerDate: May 8, 2023 August 8, 2023By: /s/ Cindy FergusonCindy Ferguson  
Vice President and  
Chief Financial Officer  
(Principal Accounting and Financial Officer)**EXHIBIT 31.1****Chief Executive Officer Certification**

I, David A. Battat, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Atrion Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly 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 we have:
  - a) 2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;  
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly 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 we 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; and

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

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

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

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

Date: August 8, 2023

/s/ David A. Battat

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; and

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

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

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

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

Date: May 8, 2023

/s/ David A. Battat

David A. Battat

President and

Chief Executive Officer

EXHIBIT 31.2

**Chief Financial Officer Certification**

I, Cindy Ferguson, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Atrion Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly 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 we have:
  - a) 1. I have reviewed this Quarterly Report on Form 10-Q of Atrion Corporation;  
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;  
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly 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 we 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; and
    - 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 the financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
  5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 8, 2023

/s/ Cindy Ferguson

Cindy Ferguson

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

b) regarding the reliability of financial reporting Vice President and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles; and

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

Chief Financial Officer

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

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

- a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
- b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 8, 2023

/s/ Cindy Ferguson

Cindy Ferguson

Vice President and

Chief Financial Officer

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EXHIBIT 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED  
PURSUANT TO SECTION 906 OF THE SARBANES – OXLEY ACT OF 2002

Pursuant to 18 U.S.C. § 1350, the undersigned officer of Atrion Corporation (the "Company"), hereby certifies, to such officer's knowledge, that the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2023June 30, 2023 (the "Report") fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934 and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: May 8, 2023

/s/ David A. Battat

August 8, 2023

David A. Battat

President and Chief Executive Officer

The foregoing certification is made solely for purpose of 18 U.S.C. § 1350 and not for any other purpose.

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EXHIBIT 32.2

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED  
PURSUANT TO SECTION 906 OF THE SARBANES – OXLEY ACT OF 2002

Pursuant to 18 U.S.C. § 1350, the undersigned officer of Atrion Corporation (the "Company"), hereby certifies, to such officer's knowledge, that the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2023June 30, 2023 (the "Report") fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934 and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: May 8, 2023

/s/ Cindy Ferguson

August 8, 2023

Cindy Ferguson

Vice President and

Chief Financial Officer

The foregoing certification is made solely for purpose of 18 U.S.C. § 1350 and not for any other purpose.

ALIGN:♦♦♦♦♦

EXHIBIT 10.1

EXECUTION VERSION

## SECOND AMENDMENT TO CREDIT AGREEMENT

SECOND AMENDMENT TO CREDIT AGREEMENT (this "Amendment"), dated as of June 29, 2023, among ATRION CORPORATION, a Delaware corporation (the "Borrower"), the Subsidiary Guarantors (as defined in the Credit Agreement referred to below) party hereto and WELLS FARGO BANK, NATIONAL ASSOCIATION, as lender (the "Lender"). Unless otherwise indicated, all capitalized terms used herein and not otherwise defined herein shall have the respective meanings provided such terms in the Credit Agreement referred to below.

### WITNESSETH:

WHEREAS, the Borrower and the Lender have entered into that certain Credit Agreement, dated as of February 28, 2017 (as amended by that certain First Amendment to Credit Agreement, dated as of February 12, 2021, and as amended or modified prior to the date hereof, the "Existing Credit Agreement"; the Existing Credit Agreement, as amended by this Amendment, the "Credit Agreement");

WHEREAS, the Borrower has requested, and subject to the terms and conditions set forth herein, the Lender has agreed, to amend the Existing Credit Agreement as more specifically set forth herein;

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

Section 1. Amendments to Existing Credit Agreement. Effective as of the Amendment Effective Date (as defined below) and subject to the terms and conditions set forth herein and in reliance upon representations and warranties set forth herein, the Existing Credit Agreement is hereby amended as follows:

(a) the body of the Existing Credit Agreement is hereby amended (a) to delete red or green stricken text (indicated textually in the same manner as the following examples: ~~stricken text~~ and ~~stricken text~~) and (b) to add the blue or green double-underlined text (indicated textually in the same manner as the following examples: double-underlined text and double-underlined text), in each case, as set forth in the conformed copy of the Credit Agreement attached hereto as Annex A hereto; and

(b) Exhibit B (Notice of Borrowing) and Exhibit C (Notice of Conversion/Continuation) to the Existing Credit Agreement are hereby amended and restated in the forms attached hereto as Annex B.

(c) Exhibit E (Notice of Prepayment) to the Credit Agreement is hereby added, as set forth in the form attached hereto as Annex C.

Section 2. Conditions to Effectiveness. This Amendment shall become effective upon the Lender's receipt (such date, the "Amendment Effective Date") of this Amendment, which shall be originals or facsimiles (followed promptly by originals) duly executed by the Borrower, the Subsidiary Guarantors existing as of the Amendment Effective Date and the Lender, and in form and substance reasonably satisfactory to the Lender and its legal counsel.

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Section 3. Representations and Warranties. To induce the Lender to enter into this Amendment, each Credit Party represents and warrants to the Lender on and as of the Amendment Effective Date that, in each case:

(a) all of the representations and warranties set forth in the Loan Documents are true and correct in all material respects on and as of the Amendment Effective Date with the same effect as though made on and as of such date, except to the extent such representations and warranties expressly relate to an earlier date, in which case they shall be true and correct in all material respects as of such earlier date; provided that any representation and warranty that is qualified as to "materiality," "Material Adverse Effect" or similar language shall be true and correct (after giving effect to any qualification therein) in all respects on such respective dates;

(b) no Default or Event of Default exists and is continuing;

(c) it has the right, power and authority and has taken all necessary corporate and other action to authorize the execution, delivery and performance of this Amendment and each other document executed in connection herewith to which it is a party in accordance with their respective terms and the transactions contemplated hereby; and

(d) this Amendment and each other document executed in connection herewith has been duly executed and delivered by the duly authorized officers of each Credit Party, and each such document constitutes the legal, valid and binding obligation of each such Credit Party, enforceable in accordance with its terms, except as may be limited by bankruptcy, insolvency, reorganization, moratorium or similar state or federal debtor relief laws from time to time in effect which affect the enforcement of creditors' rights in general and the availability of equitable remedies.

Section 4. Reference to and Effect on the Credit Agreement and the Loan Documents. Except as expressly provided herein, the Existing Credit Agreement and the other Loan Documents shall remain unmodified and in full force and effect. This Amendment shall not be deemed (a) to be a waiver of, or consent to, or a modification or amendment of, any other term or condition of the Existing Credit Agreement or any other Loan Document other than as expressly set forth herein, (b) to prejudice any right or rights which the Lender may now have or may have in the future under or in connection with the Existing Credit Agreement or the other Loan Documents or any of the instruments or agreements referred to therein, as the same may be amended, restated, supplemented or modified from time to time, or (c) to be a commitment or any other undertaking or expression of any willingness

to engage in any further discussion with the Borrower, any of its Subsidiaries or any other Person with respect to any other waiver, amendment, modification or any other change to the Existing Credit Agreement or the Loan Documents or any rights or remedies arising in favor of the Lender under or with respect to any such documents. References in the Credit Agreement to "this Agreement" (and indirect references such as "hereunder", "hereby", "herein", "hereof" or other words of like import) and in any Loan Document to the "Credit Agreement" shall be deemed to be references to the Credit Agreement.

Section 5. Further Assurances. Each Credit Party agrees to, to the extent required by the Loan Documents, make, execute and deliver all such additional and further acts, things, deeds, instruments and documents as the Lender may reasonably require for the purposes of implementing or effectuating the provisions of this Amendment and the other Loan Documents.

Section 6. Acknowledgement and Reaffirmation. Each Credit Party (a) consents to this Amendment and agrees that the transactions contemplated by this Amendment shall not limit or diminish the obligations of such Person under, or release such Person from any obligations under, any of the Loan Documents to which it is a party (as amended pursuant to this Amendment), (b) confirms and reaffirms its obligations under each of the Loan Documents to which it is a party (as amended pursuant to this Amendment) and (c) agrees that each of the Loan Documents to which it is a party (as amended pursuant to this Amendment) remains in full force and effect and is hereby ratified and confirmed.

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Section 7. Costs and Expenses. The Borrower hereby reconfirms its obligations pursuant to Section 9.3 of the Credit Agreement to pay and reimburse the Lender in accordance with the terms thereof.

Section 8. Governing Law. This Amendment shall be governed by, and construed in accordance with, the laws of the State of Texas.

Section 9. Counterparts. This Amendment may be executed in any number of counterparts and by the different parties hereto on separate counterparts, each of which counterparts when executed and delivered shall be an original, but all of which shall together constitute one and the same instrument. Delivery by facsimile or electronic transmission of an executed counterpart of a signature page to this Amendment shall be effective as delivery of an original executed counterpart of this Amendment.

Section 10. Entire Agreement. This Amendment is the entire agreement, and supersedes any prior agreements and contemporaneous oral agreements, of the parties concerning its subject matter. This Amendment is a Loan Document and is subject to the terms and conditions of the Credit Agreement.

Section 11. Successors and Assigns. This Amendment shall be binding on and inure to the benefit of the parties hereto and their successors and permitted assigns.

Section 12. Outstanding Loans. All LIBOR Market Index Rate Loans (as defined in the Existing Credit Agreement) outstanding under the Existing Credit Agreement on the date hereof shall be automatically converted into Daily Simple SOFR Loans on the Amendment Effective Date. All LIBOR Rate Loans (as defined in the Existing Credit Agreement) outstanding under the Existing Credit Agreement on the date hereof shall continue as LIBOR Rate Loans under the Credit Agreement (and, notwithstanding anything in this Amendment including Annex A hereto to the contrary, subject to the terms and conditions and applicable interest rate terms (including breakage) with respect to LIBOR Rate Loans under the Existing Credit Agreement) solely for the remainder of the Interest Periods applicable thereto immediately prior to the effectiveness of this Amendment; it being understood that such LIBOR Rate Loans and Interest Periods are not being renewed or extended as a result of this Amendment and, upon the expiration or earlier termination of such Interest Periods, such LIBOR Rate Loans shall be (i) repaid or (ii) converted to Base Rate Loans or SOFR Loans (in each case, as defined in the Credit Agreement) as the Borrower may elect (which election in the case of clause (ii) shall be made in accordance with the notice requirements set forth in Section 2.3(a) of the Credit Agreement as though the Borrower was requesting a borrowing to be made on the effective date of such conversion).

[Signature pages follow]

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IN WITNESS WHEREOF, the parties hereto have caused their duly authorized officers to execute and deliver this Amendment as of the date first above written.

ATRION CORPORATION, as Borrower

By: /s/ Cindy Ferguson

Name: Cindy Ferguson

Title: Chief Financial Officer

ATRION MEDICAL PRODUCTS, INC., as Guarantor

By: /s/ Cindy Ferguson

Name: Cindy Ferguson

Title: Chief Financial Officer

HALKEY-ROBERTS CORPORATION, as Guarantor

By: /s/ Cindy Ferguson

Name: Cindy Ferguson

Title: Chief Financial Officer

QUEST MEDICAL, INC., as Guarantor

By: /s/ Cindy Ferguson

Name: Cindy Ferguson

Title: Chief Financial Officer

ALATENN PIPELINE COMPANY, LLC, as Guarantor

By: /s/ Cindy Ferguson

Name: Cindy Ferguson

Title: Chief Financial Officer

ATRION LEASING COMPANY, LLC, as Guarantor

By: /s/ Cindy Ferguson

Name: Cindy Ferguson

Title: Chief Financial Officer

WELLS FARGO BANK, NATIONAL ASSOCIATION, as  
Lender

By: /s/ William Mims

Name: William Mims

Title: Vice President

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ANNEX A TO SECOND AMENDMENT

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\$75,000,000

**CREDIT AGREEMENT**

dated as of February 28, 2017

(as amended by that certain First Amendment to Credit Agreement dated as of February 12, 2021 and by that certain Second Amendment to Credit  
Agreement dated as of June 29, 2023)

by and between

**ATRION CORPORATION,**

as Borrower,

and

**WELLS FARGO BANK, NATIONAL ASSOCIATION,**

as Lender

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## EXHIBITS

Exhibit A	- Form of Revolving Credit Note
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## SCHEDULES

Schedule 5.2	- Subsidiaries and Capitalization
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CREDIT AGREEMENT, dated as of February 28, 2017, by and between ATRION CORPORATION, a Delaware corporation, as Borrower, and WELLS FARGO BANK, NATIONAL ASSOCIATION, a national banking association, as Lender.

## STATEMENT OF PURPOSE

The Borrower has requested, and subject to the terms and conditions set forth in this Agreement, the Lender has agreed to extend, a revolving credit facility to the Borrower.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the parties hereto, such parties hereby agree as follows:

ARTICLE I  
DEFINITIONS

SECTION 1.1 **Definitions.** The following terms when used in this Agreement shall have the meanings assigned to them below:

**"Acquisition"** means any transaction, or any series of related transactions, consummated on or after the date of this Agreement, by which any Credit Party or any of its Subsidiaries (a) acquires any business or all or substantially all of the assets of any Person, or division thereof, whether through purchase of assets, merger or otherwise or (b) directly or indirectly acquires (in one transaction or as the most recent transaction in a series of transactions) at least a majority (in number of votes) of the securities of a corporation which have ordinary voting power for the election of members of the board of directors or the equivalent governing body (other than securities having such power only by reason of the happening of a contingency) or a majority (by percentage or voting power) of the outstanding ownership interests of a partnership or limited liability company.

**"Adjusted Daily Simple SOFR"** means an interest rate per annum equal to (a) Daily Simple SOFR, plus (b) 0.10%; provided that if the Adjusted Daily Simple SOFR as so determined would be less than the Floor, such rate shall be deemed to be equal to the Floor for the purposes of this Agreement.

**"Adjusted Term SOFR"** means, for any Interest Period, an interest rate per annum equal to (a) Term SOFR for such Interest Period, plus (b) 0.10%; provided that if Adjusted Term SOFR as so determined would be less than the Floor, such rate shall be deemed to be equal to the Floor for the purposes of this Agreement.

**"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.

**"Agreement"** means this Credit Agreement.

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

**"Anti-Money Laundering Laws"** means any and all laws, statutes, regulations or obligatory government orders, decrees, ordinances or rules applicable to the Borrower or its Subsidiaries related to terrorism financing or money laundering, including any applicable provision of the Patriot Act and The Currency and Foreign Transactions Reporting Act (also known as the "Bank Secrecy Act," 31 U.S.C. §§ 5311-5330 and 12 U.S.C. §§ 1818(s), 1820(b) and 1951-1959).

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**"Applicable Law"** means all applicable provisions of constitutions, laws, statutes, ordinances, rules, treaties, regulations, permits, licenses, approvals, interpretations and orders of Governmental Authorities and all orders and decrees of all courts and arbitrators.

**"Applicable Margin"** means the corresponding percentages per annum as set forth below based on the Consolidated Total Leverage Ratio:

Pricing Level	Consolidated Total Leverage Ratio	Commitment	Adjusted Daily Simple SOFR or Adjusted		Base Rate
			Fee	Term SOFR	
1	Less than 1.50 to 1.00		0.05%	1.00%	0.00%
2	Greater than or equal to 1.50 to 1.00, but less than 2.00 to 1.00		0.10%	1.25%	0.25%
3	Greater than or equal to 2.00 to 1.00, but less than 2.50 to 1.00		0.15%	1.50%	0.50%
4	Greater than or equal to 2.50 to 1.00		0.20%	1.75%	0.75%

The Applicable Margin shall be determined and adjusted quarterly on the date five (5) Business Days after the day on which the Borrower provides a Compliance Certificate pursuant to Section 6.2(a) for the most recently ended fiscal quarter of the Borrower (each such date, a "Calculation Date"); provided that (a) the Applicable Margin shall be based on Pricing Level 1 until the first Calculation Date occurring after the First Amendment Effective Date and, thereafter the Pricing Level shall be determined by reference to the Consolidated Total Leverage Ratio as of the last day of the most recently ended fiscal quarter of the Borrower preceding the applicable Calculation Date, and (b) if the Borrower fails to provide a Compliance Certificate when due as required by Section 6.2(a) for the most recently ended fiscal quarter of the Borrower preceding the applicable Calculation Date, the Applicable Margin from the date on which such Compliance Certificate was required to have been delivered shall be based on Pricing Level 3 until such time as such Compliance Certificate is delivered, at which time the Pricing Level shall be determined by reference to the Consolidated Total Leverage Ratio as of the last day of the most recently ended fiscal quarter of the Borrower preceding such Calculation Date. The applicable Pricing Level shall be effective from one Calculation Date until the next Calculation Date. Any adjustment in the Pricing Level shall be applicable to all extensions of credit then existing or subsequently made or issued.

Notwithstanding the foregoing, in the event that any financial statement or Compliance Certificate delivered pursuant to Section 6.1 or 6.2(a) is shown to be inaccurate (regardless of whether (i) this Agreement is in effect, (ii) any Revolving Credit Commitments are in effect, or (iii) any Extension of Credit

is outstanding when such inaccuracy is discovered or such financial statement or Compliance Certificate was delivered), and such inaccuracy, if corrected, would have led to the application of a higher Applicable Margin for any period (an "Applicable Period") than the Applicable Margin applied for such Applicable Period, then (x) the Borrower shall immediately deliver to the Lender a corrected Compliance Certificate for such Applicable Period and (y) the Borrower shall immediately and retroactively be obligated to pay to the Lender the accrued additional interest and fees owing as a result of such increased Applicable Margin for such Applicable Period. Nothing in this paragraph shall limit the rights of the Lender under this Agreement or any other Loan Document. The Borrower's obligations under this paragraph shall survive the termination of the Revolving Credit Commitments and the repayment of all other Obligations hereunder.

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**Asset Disposition** means the sale, transfer, license, lease or other disposition of any Property (including any disposition of Equity Interests and any Sale Leaseback Transaction) by any Credit Party or any Subsidiary thereof.

**Available Tenor** means, as of any date of determination and with respect to any then-current Benchmark, as applicable, (a) if such Benchmark is a term rate, any tenor for such Benchmark (or component thereof) that is or may be used for determining the length of an Interest Period pursuant to this Agreement or (b) otherwise, any payment period for interest calculated with reference to such Benchmark (or component thereof) that is or may be used for determining any frequency of making payments of interest calculated with reference to such Benchmark, in each case, as of such date and not including, for the avoidance of doubt, any tenor for such Benchmark that is then-removed from the definition of "Interest Period" pursuant to Section 3.5(d).

**Bankruptcy Code** means 11 U.S.C. §§ 101 *et seq.*

**Base Rate** means, at any time, the highest of (a) the Prime Rate, (b) the Federal Funds Rate plus 0.50% and (c) Adjusted Daily Simple SOFR in effect on such day plus 1%; each change in the Base Rate shall take effect simultaneously with the corresponding change or changes in the Prime Rate, the Federal Funds Rate or Adjusted Daily Simple SOFR, as applicable (provided that clause (c) shall not be applicable during any period in which Adjusted Daily Simple SOFR is unavailable or unascertainable). Notwithstanding the foregoing, if the Base Rate shall be less than zero, such rate shall be deemed to be zero for purposes of this Agreement.

**Base Rate Loan** means any Loan bearing interest at a rate based upon the Base Rate.

**Benchmark** means, initially, Adjusted Daily Simple SOFR or Adjusted Term SOFR, as applicable; provided that if a Benchmark Transition Event has occurred with respect to Adjusted Daily Simple SOFR or Adjusted Term SOFR, as applicable or the applicable then-current Benchmark, then "Benchmark" means the applicable Benchmark Replacement to the extent that such Benchmark Replacement has replaced such prior benchmark rate pursuant to Section 3.5(a).

**Benchmark Replacement** means, with respect to any Benchmark Transition Event for any then-current Benchmark, the sum of: (a) the alternate benchmark rate that has been selected by the Lender and the Borrower as the replacement for such Benchmark giving due consideration to (i) any selection or recommendation of a replacement benchmark rate or the mechanism for determining such a rate by the Relevant Governmental Body or (ii) any evolving or then-prevailing market convention for determining a benchmark rate as a replacement to such then-current Benchmark for Dollar-denominated credit facilities and (b) the related Benchmark Replacement Adjustment; provided that, if such Benchmark Replacement as so determined would be less than the Floor, such Benchmark Replacement will be deemed to be the Floor for the purposes of this Agreement and the other Loan Documents.

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

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

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

(b) in the case of clause (c) of the definition of "Benchmark Transition Event," the first date on which such Benchmark (or the published component used in the calculation thereof) has been determined and announced by the regulatory supervisor for the administrator of such Benchmark (or such component thereof) to be non-representative; provided, that such non-representativeness will be determined by reference to the most recent statement or publication referenced in such clause (c) and even if any Available Tenor (if applicable) of such Benchmark (or such component thereof) continues to be provided on such date.

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

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

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

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

(c) a public statement or publication of information by the regulatory supervisor for the administrator of such Benchmark (or the published component used in the calculation thereof) announcing that all Available Tenors (if applicable) of such Benchmark (or such component thereof) are not, or as of a specified future date will not be, representative.

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

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

"Benchmark Unavailability Period" means with respect to any then-current Benchmark, the period (if any) (a) beginning at the time that a Benchmark Replacement Date with respect to such Benchmark has occurred if, at such time, no Benchmark Replacement has replaced such Benchmark for all purposes hereunder and under any Loan Document in accordance with Section 3.5 and (b) ending at the time that a Benchmark Replacement has replaced such Benchmark for all purposes hereunder and under any Loan Document in accordance with Section 3.5.

"Beneficial Ownership Certification" means a certification regarding beneficial ownership as required by the Beneficial Ownership Regulation.

"Beneficial Ownership Regulation" means 31 CFR § 1010.230.

"Borrower" means Atrion Corporation, a Delaware corporation.

"Business Day" means any day that is not a Saturday, Sunday or other day on which the Federal Reserve Bank of New York is closed.

"Calculation Date" has the meaning assigned thereto in the definition of Applicable Margin.

"Capital Expenditures" means, with respect to the Borrower and its Subsidiaries on a Consolidated basis, for any period, (a) the additions to property, plant and equipment and other capital expenditures that are (or would be) set forth in a consolidated statement of cash flows of such Person for such period prepared in accordance with GAAP and (b) Capital Lease Obligations during such period, but excluding expenditures for the restoration, repair or replacement of any fixed or capital asset which was destroyed or damaged, in whole or in part, to the extent financed by the proceeds of an insurance policy maintained by such Person.

"Capital Lease Obligations" of any Person means the obligations of such Person to pay rent or other amounts under any lease of (or other arrangement conveying the right to use) real or personal property, or a combination thereof, which obligations are required to be classified and accounted for as capital leases or finance leases on a balance sheet of such Person under GAAP, and the amount of such obligations shall be the capitalized amount thereof determined in accordance with GAAP.

"Cash Collateralize" means, to deposit in a deposit account or securities account that is subject to an account control agreement in form and substance satisfactory to the Lender or to pledge and deposit with, or deliver to the Lender, as collateral for L/C Obligations, cash or deposit account balances pursuant to documentation in form and substance satisfactory to the Lender. "Cash Collateral" shall have a meaning correlative to the foregoing and shall include the proceeds of such cash collateral and other credit support.

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"Cash Equivalents" means, collectively, (a) marketable direct obligations issued or unconditionally guaranteed by the United States or any agency thereof maturing within twelve (12) months from the date of acquisition thereof, (b) commercial paper maturing no more than twelve (12)

months from the date of creation thereof and having a rating of A-2 or better, as determined by S&P, or a rating of P-2 or better, as determined by Moody's, (c) certificates of deposit issued by commercial banks incorporated under the laws of the United States, each having combined capital, surplus and undivided profits of not less than \$500,000,000 and having a rating of "A" or better by a nationally recognized rating agency, (d) time deposits maturing no more than thirty (30) days from the date of creation thereof with commercial banks or savings banks or savings and loan associations each having membership either in the FDIC or the deposits of which are insured by the FDIC and in amounts not exceeding the maximum amounts of insurance thereunder, (e) money market deposit accounts and mutual funds issued or offered by commercial banks or other institutions incorporated under the laws of the United States or (f) readily-marketable equities and bonds that have been approved by the board of directors of the Borrower or the chairman of the board of directors of the Borrower.

"Cash Management Agreement" means any agreement to provide cash management services, including treasury, depository, overdraft, credit or debit card (including non-card electronic payables and purchasing cards), electronic funds transfer and other cash management arrangements.

"Change in 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 Exchange Act, 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 Exchange Act, except that a "person" or "group" shall be deemed to have "beneficial ownership" of all Equity Interests 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 forty percent (40%) or more of the Equity Interests of the Borrower entitled to vote in the election of members of the board of directors (or equivalent governing body) of the Borrower or (b) a majority of the members of the board of directors (or other equivalent governing body) of the Borrower shall not constitute Continuing Directors. For purposes hereof, "Continuing Directors" means the directors (or equivalent governing body) of the Borrower on the Closing Date and each other director (or equivalent) of the Borrower, if, in each case, such other Person's nomination for election to the board of directors (or equivalent governing body) of the Borrower is approved by at least 51% of the then Continuing Directors.

"Change in Law" means the occurrence, after the date of this Agreement, of any of the following: (a) the adoption or taking effect of any law, rule, regulation or treaty, (b) any change in any law, rule, regulation or treaty or in the administration, interpretation, implementation or application thereof by any Governmental Authority or (c) the making or issuance of any request, rule, guideline or directive (whether or not having the force of law) by any Governmental Authority; provided that notwithstanding anything herein to the contrary, (i) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith 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, implemented or issued.

"Closing Date" means the date of this Agreement.

"Code" means the Internal Revenue Code of 1986, and the rules and regulations promulgated thereunder.

"Collateral" means the collateral security for the Secured Obligations pledged or granted pursuant to the Security Documents.

"Collateral Agreement" means the collateral agreement of even date herewith executed by the Credit Parties in favor of the Lender, which shall be in form and substance acceptable to the Lender.

"Commitment Fee" has the meaning assigned thereto in Section 2.7.

"Commodity Exchange Act" means the Commodity Exchange Act (7 U.S.C. § 1 et seq.).

"Compliance Certificate" means a certificate of the chief financial officer or the treasurer of the Borrower substantially in the form attached as Exhibit D.

"Conforming Changes" means, with respect to any Benchmark Replacement, any technical, administrative or operational changes (including changes to the definition of "Base Rate," the definition of "Business Day," the definition of "Interest Period," timing and frequency of determining rates and making payments of interest, timing of borrowing requests or prepayment, conversion or continuation notices, length of lookback periods, the applicability of breakage provisions and other technical, administrative or operational matters) that the Lender decides may be appropriate to reflect the adoption and implementation of such Benchmark Replacement and to permit the administration thereof by the Lender in a manner substantially consistent with market practice (or, if the Lender decides that adoption of any portion of such market practice is not administratively feasible or if the Lender determines that no market practice for the administration of such Benchmark Replacement exists, in such other manner of administration as the Lender decides is reasonably necessary in connection with the administration of this Agreement and the other Loan Documents).

"Consolidated" means, when used with reference to financial statements or financial statement items of any Person, such statements or items on a consolidated basis in accordance with applicable principles of consolidation under 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 such period plus (b) the sum of the following, without duplication, to the extent deducted in determining Consolidated Net Income for such period: (i) Consolidated Interest Expense, (ii) amortization, depreciation, stock based compensation expense and other non-cash charges (except to the extent that such non-cash charges are reserved for cash charges to be taken in the future), and (iii) extraordinary losses (excluding extraordinary losses from discontinued operations) less (c) the sum of the following, without duplication, to the extent included in determining Consolidated Net Income for such period: (i) interest income, (ii) any extraordinary

gains and (iii) non-cash gains or non-cash items increasing Consolidated Net Income. For purposes of calculating Consolidated EBITDA hereunder for any period during which one or more Specified Transactions occurs, such Specified Transaction (and all other Specified Transactions that have been consummated during the applicable period) shall be deemed to have occurred as of the first day of the applicable period of measurement in such test or covenant such that all income statement items (whether positive or negative) attributable to the Property or Person disposed of in a Specified Disposition shall be excluded and all income statement items (whether positive or negative) attributable to the Property or Person acquired in a Permitted Acquisition shall be included (provided that such income statement items to be included are reflected in financial statements or other financial data reasonably acceptable to the Lender and based upon reasonable assumptions and calculations which are expected to have a continuous impact).

**“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 EBITDA for such period plus (b) to the extent deducted in determining Consolidated Net Income for such period, all income and franchise taxes. For purposes of calculating Consolidated EBITDA hereunder for any period during which one or more Specified Transactions occurs, such Specified Transaction (and all other Specified Transactions that have been consummated during the applicable period) shall be deemed to have occurred as of the first day of the applicable period of measurement in such test or covenant such that all income statement items (whether positive or negative) attributable to the Property or Person disposed of in a Specified Disposition shall be excluded and all income statement items (whether positive or negative) attributable to the Property or Person acquired in a Permitted Acquisition shall be included (provided that such income statement items to be included are reflected in financial statements or other financial data reasonably acceptable to the Lender and based upon reasonable assumptions and calculations which are expected to have a continuous impact).

**“Consolidated Interest Expense”** 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, interest expense (including, without limitation, interest expense attributable to Capital Lease Obligations and all net payment obligations pursuant to Hedge Agreements) for such period.

**“Consolidated Net Income”** means, for any period, the net income (or loss) of the Borrower and its Subsidiaries for such period, determined on a Consolidated basis, without duplication, in accordance with GAAP; provided, that in calculating Consolidated Net Income of the Borrower and its Subsidiaries for any period, there shall be excluded (a) the net income (or loss) of any Person (other than a Subsidiary which shall be subject to clause (c) below), in which the Borrower or any of its Subsidiaries has a joint interest with a third party, except to the extent such net income is actually paid in cash to the Borrower or any of its Subsidiaries by dividend or other distribution during such period, (b) the net income (or loss) of any Person accrued prior to the date it becomes a Subsidiary of the Borrower or any of its Subsidiaries or is merged into or consolidated with the Borrower or any of its Subsidiaries or that Person's assets are acquired by the Borrower or any of its Subsidiaries except to the extent included pursuant to the foregoing clause (a), (c) the net income (if positive), of any Subsidiary to the extent that the declaration or payment of dividends or similar distributions by such Subsidiary to the Borrower or any of its Subsidiaries of such net income (i) is not at the time permitted by operation of the terms of its charter or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to such Subsidiary or (ii) would be subject to any taxes payable on such dividends or distributions, but in each case only to the extent of such prohibition or taxes and (d) any gain or loss from Asset Dispositions (other than sale of inventory in the ordinary course of business) during such period.

**“Consolidated Senior Secured Indebtedness”** means, with respect to the Borrower and its Subsidiaries as of any date of determination on a Consolidated basis without duplication, all Indebtedness (other than Subordinated Indebtedness) of the Borrower and its Subsidiaries that is secured by a Lien on any asset or property of the Borrower or any Subsidiary.

**“Consolidated Senior Secured Leverage Ratio”** means, as of any date of determination, the ratio of (a) Consolidated Senior Secured Indebtedness on such date to (b) Consolidated EBITDA for the period of four (4) consecutive fiscal quarters ending on or immediately prior to such date.

**“Consolidated Total Indebtedness”** means, as of any date of determination with respect to the Borrower and its Subsidiaries on a Consolidated basis without duplication, the sum of all Indebtedness of the Borrower and its Subsidiaries.

**“Consolidated Total Leverage Ratio”** means, as of any date of determination, the ratio of (a) Consolidated Total Indebtedness on such date to (b) Consolidated EBITDA for the period of four (4) consecutive fiscal quarters ending on or immediately prior to such date.

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

**“Credit Parties”** means, collectively, the Borrower and the Guarantors.

**“Daily Simple SOFR”** means, for any day (a **“Simple SOFR Rate Day”**), a rate per annum equal to the greater of (a) SOFR for the day (such day, a **“Simple SOFR Determination Day”**) that is five (5) U.S. Government Securities Business Days prior to (i) if such Simple SOFR Rate Day is a U.S. Government Securities Business Day, such Simple SOFR Rate Day or (ii) if such Simple SOFR Rate Day is not a U.S. Government Securities Business Day, the U.S. Government Securities Business Day immediately preceding such Simple SOFR Rate Day, in each case, as such SOFR is published by the SOFR Administrator on the SOFR Administrator's Website, and (b) the Floor. If by 5:00 p.m. on the second (2<sup>nd</sup>) U.S. Government Securities Business Day

immediately following any Simple SOFR Determination Day, SOFR in respect of such Simple SOFR Determination Day has not been published on the SOFR Administrator's Website and a Benchmark Replacement Date with respect to the Daily Simple SOFR has not occurred, then SOFR for such Simple SOFR Determination Day will be SOFR as published in respect of the first preceding U.S. Government Securities Business Day for which such SOFR was published on the SOFR Administrator's Website; provided that any SOFR determined pursuant to this sentence shall be utilized for purposes of calculation of Daily Simple SOFR for no more than three (3) consecutive Simple SOFR Rate Days. Any change in Daily Simple SOFR due to a change in SOFR shall be effective from and including the effective date of such change in SOFR without notice to the Borrower.

**"Daily Simple SOFR Loan"** means any Loan bearing interest at a rate based on Adjusted Daily Simple SOFR (other than pursuant to the Adjusted Daily Simple SOFR component of the definition of "Base Rate"), as provided in Section 2.6(a).

**"Debtor Relief Laws"** means the Bankruptcy Code of the United States of America, 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 of the events specified in Section 8.1 which with the passage of time, the giving of notice or any other condition, would constitute an Event of Default.

**"Dollars"** or **"\$"** means, unless otherwise qualified, dollars in lawful currency of the United States.

**"Domestic Subsidiary"** means any Subsidiary organized under the laws of any political subdivision of the United States.

**"Electronic Record"** has the meaning assigned to that term in, and shall be interpreted in accordance with, 15 U.S.C. 7006.

**"Electronic Signature"** has the meaning assigned to that term in, and shall be interpreted in accordance with, 15 U.S.C. 7006.

**"Employee Benefit Plan"** means (a) any employee benefit plan within the meaning of Section 3(3) of ERISA that is maintained for employees of any Credit Party or any ERISA Affiliate or (b) any Pension Plan or Multiemployer Plan that has at any time within the preceding seven (7) years been maintained, funded or administered for the employees of any Credit Party or any current or former ERISA Affiliate.

**"Environmental Claims"** means any and all administrative, regulatory or judicial actions, suits, demands, demand letters, claims, liens, accusations, allegations, notices of noncompliance or violation, investigations (other than internal reports prepared by any Person in the ordinary course of business and not in response to any third party action or request of any kind) or proceedings relating in any way to any actual or alleged violation of or liability under any Environmental Law or relating to any permit issued, or any approval given, under any such Environmental Law, including, without limitation, any and all claims by Governmental Authorities for enforcement, cleanup, removal, response, remedial or other actions or damages, contribution, indemnification, cost recovery, compensation or injunctive relief resulting from Hazardous Materials or arising from alleged injury or threat of injury to public health or the environment.

**"Environmental Laws"** means any and all federal, foreign, state, provincial and local laws, statutes, ordinances, codes, rules, standards and regulations, permits, licenses, approvals, interpretations and orders of courts or Governmental Authorities, relating to the protection of public health or the environment, including, but not limited to, requirements pertaining to the manufacture, processing, distribution, use, treatment, storage, disposal, transportation, handling, reporting, licensing, permitting, investigation or remediation of Hazardous Materials.

**"Equity Interests"** means (a) in the case of a corporation, capital stock, (b) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of capital stock, (c) in the case of a partnership, partnership interests (whether general or limited), (d) in the case of a limited liability company, membership interests, (e) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person and (f) any and all warrants, rights or options to purchase any of the foregoing.

**"ERISA"** means the Employee Retirement Income Security Act of 1974, and the rules and regulations thereunder.

**"ERISA Affiliate"** means any Person who together with any Credit Party or any of its Subsidiaries is treated as a single employer within the meaning of Section 414(b), (c), (m) or (o) of the Code or Section 4001(b) of ERISA.

**"ERISA Event"** means the occurrence of any of the following which, individually or in the aggregate, has resulted or could reasonably be expected to result in liability of the Borrower in an aggregate amount in excess of \$1,000,000: (a) a "Reportable Event" described in Section 4043 of ERISA for which the thirty (30) day notice requirement has not been waived by the PBGC, or (b) the withdrawal of any Credit Party or any ERISA Affiliate from a Pension Plan during a plan year in which it 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, or (c) the termination of a Pension Plan, the filing of a notice of intent to terminate a Pension Plan or the treatment of a Pension Plan amendment as a termination, under Section 4041 of ERISA, if the plan assets are not sufficient to pay all plan liabilities, or (d) the institution of proceedings to terminate, or the appointment of a trustee with respect to, any Pension Plan by the PBGC, or (e) any other event or condition which would constitute grounds under Section 4042(a) of ERISA for the termination of, or the appointment of a trustee to administer, any Pension Plan, or (f) the imposition of a Lien pursuant to Section 430(k) of the Code or Section 303 of ERISA, or (g) the determination that any Pension Plan or Multiemployer Plan is considered an at-risk plan or plan in endangered or critical status within the meaning of Sections 430, 431 or 432 of the Code or Sections 303, 304 or 305 of ERISA or (h) the partial or complete withdrawal of any Credit Party or any ERISA Affiliate from a Multiemployer Plan if withdrawal liability is asserted by such plan, or (i) any event or condition which results in the reorganization or insolvency of a Multiemployer Plan under Sections 4241 or 4245 of ERISA, or (j) any event or condition which results in the termination of a Multiemployer Plan under Section 4041A of ERISA or the institution by PBGC of proceedings to terminate a Multiemployer Plan under Section 4042 of ERISA, or (k) 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 any Credit Party or any ERISA Affiliate.

**"Event of Default"** means any of the events specified in Section 8.1; provided that any requirement for passage of time, giving of notice, or any other condition, has been satisfied.

**"Exchange Act"** means the Securities Exchange Act of 1934.

**"Excluded Swap Obligation"** means, with respect to any Credit Party, any Swap Obligation if, and to the extent that, all or a portion of the liability of such Credit Party for or the guarantee of such Credit Party of, or the grant by such Credit Party of a security interest to secure, such Swap Obligation (or any liability or 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 of any thereof) by virtue of such Credit Party's failure for any reason to constitute an "eligible contract participant" as defined in the Commodity Exchange Act and the regulations thereunder at the time the liability for or the guarantee of such Credit Party or the grant of such security interest becomes effective with respect to such Swap Obligation (such determination being made after giving effect to any applicable keepwell, support or other agreement for the benefit of the applicable Credit Party, including under the keepwell provisions in the Guaranty Agreement). If a Swap Obligation arises under a master agreement governing more than one swap, such exclusion shall apply only to the portion of such Swap Obligation that is attributable to swaps for which such guarantee or security interest is or becomes illegal for the reasons identified in the immediately preceding sentence of this definition.

**"Excluded Taxes"** means any of the following Taxes imposed on or with respect to the Lender or required to be withheld or deducted from a payment to the Lender, (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 the Lender being organized under the laws of, or having its principal office or its lending office located in, the jurisdiction imposing such Tax (or any political subdivision thereof) or (ii) that are Other Connection Taxes and (b) United States federal withholding Taxes imposed on interest in a Loan or Revolving Credit Commitment pursuant to a law in effect on the Closing Date.

**"Existing Credit Agreement"** means that certain Loan and Security Agreement dated as of November 12, 1999 between the Borrower and certain of its Subsidiaries, as borrowers, and the Lender, as amended as of the date hereof.

**"FDIC"** means the Federal Deposit Insurance Corporation.

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

**"First Amendment Effective Date"** means February 12, 2021.

**"Fiscal Year"** means the fiscal year of the Borrower and its Subsidiaries ending on December 31.

**"Floor"** means a rate of interest equal to 0.00%.

**"Foreign Subsidiary"** means any Subsidiary that is not a Domestic Subsidiary.

**"GAAP"** means generally accepted accounting principles in the United States set forth in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or such other principles as may be approved by a significant segment of the accounting profession in the United States, that are applicable to the circumstances as of the date of determination, consistently applied.

**"Governmental Approvals"** means all authorizations, consents, approvals, permits, licenses and exemptions of, and all registrations and filings with or issued by, any Governmental Authorities.

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

**"Guarantee"** of or by any Person (the **"guarantor"**) means any obligation, contingent or otherwise, of the guarantor guaranteeing or having the economic effect of guaranteeing any Indebtedness or other obligation of any other Person (the **"primary obligor"**) in any manner, whether directly or indirectly, and including any obligation of the guarantor, direct or indirect, (a) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation or to purchase (or to advance or supply funds for the purchase of) any security for the payment thereof, (b) to purchase or lease property, securities or services for the purpose of assuring the owner of such Indebtedness or other obligation of the payment thereof, (c) to maintain working capital, equity capital or any other financial statement condition or liquidity of the primary obligor so as to enable the primary obligor to pay such Indebtedness or other obligation, (d) as an account party in respect of any letter of credit or letter of guaranty

issued to support such Indebtedness or obligation or (e) for the purpose of assuming 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 (whether in whole or in part). Unless otherwise specified, the amount of any Guarantee shall be the lesser of the amount of the obligations guaranteed and still outstanding and the maximum amount for which the guaranteee Person may be liable pursuant to the terms of the instrument embodying such Guarantee.

**"Guarantors"** means, collectively, all direct and indirect Subsidiaries of the Borrower (other than Foreign Subsidiaries to the extent that and for so long as the guaranty of such Foreign Subsidiary would have adverse tax consequences for the Borrower or any other Credit Party or result in a violation of Applicable Laws) in existence on the Closing Date or which become a party to the Guaranty Agreement pursuant to [Section 6.12](#).

**"Guaranty Agreement"** means the unconditional guaranty agreement of even date herewith executed by the Guarantors in favor of the Lender, for the ratable benefit of the Secured Parties, which shall be in form and substance acceptable to the Lender.

**"Hazardous Materials"** means any substances or materials (a) which are or become defined as hazardous wastes, hazardous substances, pollutants, contaminants, chemical substances or mixtures or toxic substances under any Environmental Law, (b) which are toxic, explosive, corrosive, flammable, infectious, radioactive, carcinogenic, mutagenic or otherwise harmful to public health or the environment and are or become regulated by any Governmental Authority, (c) the presence of which require investigation or remediation under any Environmental Law or common law, (d) the discharge or emission or release of which requires a permit or license under any Environmental Law or other Governmental Approval, (e) which are deemed by a Governmental Authority to constitute a nuisance or a trespass which pose a health or safety hazard to Persons or neighboring properties, or (f) which contain, without limitation, asbestos, polychlorinated biphenyls, urea formaldehyde foam insulation, petroleum hydrocarbons, petroleum derived substances or waste, crude oil, nuclear fuel, natural gas or synthetic gas.

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**"Hedge Agreement"** 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. The amount of any net obligation under any Hedge Agreement on any date shall be deemed to be the Hedge Termination Value thereof as of such date.

**"Hedge Termination Value"** means, in respect of any one or more Hedge Agreements, after taking into account the effect of any legally enforceable netting agreement relating to such Hedge Agreements, (a) for any date on or after the date such Hedge Agreements have been closed out and termination value(s) determined in accordance therewith, such termination value(s), and (b) for any date prior to the date referenced in clause (a), the amount(s) determined as the mark-to-market value(s) for such Hedge Agreements, as determined based upon one or more mid-market or other readily available quotations provided by any recognized dealer in such Hedge Agreements.

**"Indebtedness"** means, with respect to any Person at any date and without duplication, the sum of the following:

(a) all liabilities, obligations and indebtedness for borrowed money including, but not limited to, obligations evidenced by bonds, debentures, notes or other similar instruments of any such Person;

(b) all obligations to pay the deferred purchase price of property or services of any such Person (including, without limitation, all payment obligations under non-competition, earn-out or similar agreements), except trade payables arising in the ordinary course of business not more than ninety (90) days past due, or that are currently being contested in good faith by appropriate proceedings and with respect to which reserves in conformity with GAAP have been provided for on the books of such Person;

(c) Capital Lease Obligations;

(d) all obligations of such Person under conditional sale or other title retention agreements relating to property purchased by such Person to the extent of the value of such property (other than customary reservations or retentions of title under agreements with suppliers entered into in the ordinary course of business);

(e) all Indebtedness of any other Person secured by a Lien on any asset owned or being purchased by such Person (including indebtedness arising under conditional sales or other title retention agreements except trade payables arising in the ordinary course of business), whether or not such indebtedness shall have been assumed by such Person or is limited in recourse;

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(f) all obligations, contingent or otherwise, of any such Person relative to the face amount of letters of credit, whether or not drawn, including, without limitation, any Reimbursement Obligation, and banker's acceptances issued for the account of any such Person;

(g) all obligations of any such Person in respect of any Equity Interests that (i) mature or are mandatorily redeemable, (ii) are redeemable at the option of the holder thereof, (iii) provide for the scheduled payment of dividends in cash or (iv) are or become convertible into or exchangeable for

Indebtedness or any other Equity Interests described in clauses (i) through (iii), in each case, prior to the date that is 91 days after the Revolving Credit Maturity Date;

- (h) all net obligations of such Person under any Hedge Agreements; and
- (i) all Guarantees of any such Person with respect to 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. In respect of Indebtedness of another Person secured by a Lien on the assets of the specified Person, the amount of such Indebtedness as of any date of determination will be the lesser of (x) the fair market value of such assets as of such date and (y) the amount of such Indebtedness as of such date.

**Indemnified Taxes** means (a) Taxes, other than Excluded Taxes and (b) to the extent not otherwise described in clause (a), Other Taxes. **Indemnitee** has the meaning assigned thereto in **Section 9.3(b)**.

**Interest Payment Date** means (a) as to any Base Rate Loan or Daily Simple SOFR Loan, the last Business Day of each March, June, September and December and the Applicable Maturity Date and (b) as to any Term SOFR Loan, the last day of each Interest Period therefor and, in the case of any Interest Period of more than three (3) months' duration, each day prior to the last day of such Interest Period that occurs at three-month intervals after the first day of such Interest Period; **provided**, that each such three-month interval payment day shall be the immediately succeeding Business Day if such day is not a Business Day, unless such day is not a Business Day but is a day of the relevant month after which no further Business Day occurs in such month, in which case such day shall be the immediately preceding Business Day and the Applicable Maturity Date.

**Interest Period** means, as to any Term SOFR Loan, the period commencing on the date such Term SOFR Loan is disbursed or converted to or continued as a Term SOFR Loan and ending on the date one (1), three (3) or six (6) months thereafter, in each case as selected by the Borrower in its Notice of Borrowing or Notice of Conversion/Continuation and subject to availability; **provided** that:

(a) the Interest Period shall commence on the date of advance of or conversion to any Term SOFR Loan and, in the case of immediately successive Interest Periods, each successive Interest Period shall commence on the date on which the immediately preceding Interest Period expires;

(b) if any Interest Period would otherwise expire on a day that is not a Business Day, such Interest Period shall expire on the next succeeding Business Day; **provided** that if any Interest Period would otherwise expire on a day that is not a Business Day but is a day of the month after which no further Business Day occurs in such month, such Interest Period shall expire on the immediately preceding Business Day;

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(c) 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 relevant calendar month at the end of such Interest Period;

(d) no Interest Period shall extend beyond the Revolving Credit Maturity Date;

(e) there shall be no more than four (4) Interest Periods in effect at any time; and

(f) no tenor that has been removed from this definition pursuant to **Section 3.5(d)** shall be available for specification in any Notice of Borrowing or Notice of Conversion/Continuation.

**Investment** means, with respect to any Person, that such Person (a) purchases, owns, invests in or otherwise acquires (in one transaction or a series of transactions, by division or otherwise), directly or indirectly, any Equity Interests, interests in any partnership or joint venture (including, without limitation, the creation or capitalization of any Subsidiary), evidence of Indebtedness or other obligation or security, substantially all or a portion of the business or assets of any other Person or any other investment or interest whatsoever in any other Person, (b) makes any Acquisition or (c) makes or permits to exist, directly or indirectly, any loans, advances or extensions of credit to, or any investment in cash or by delivery of Property in, any Person.

**Investment Company Act** means the Investment Company Act of 1940 (15 U.S.C. § 80(a)(1), *et seq.*).

**IRS** means the United States Internal Revenue Service.

**ISP98** means the International Standby Practices (1998 Revision, effective January 1, 1999), International Chamber of Commerce Publication No. 590.

**L/C Obligations** means at any time, an amount equal to the sum of (a) the aggregate undrawn and unexpired amount of the then outstanding Letters of Credit and (b) the aggregate amount of drawings under Letters of Credit which have not then been reimbursed pursuant to **Section 2.5**.

**L/C Sublimit** means the lesser of (a) \$5,000,000 and (b) the Revolving Credit Commitment.

**Lender** means Wells Fargo Bank, National Association, together with its successors and assigns.

**Letter of Credit Agreement** has the meaning assigned thereto in **Section 2.5(b)**.

**Letters of Credit** means the collective reference to letters of credit issued pursuant to **Section 2.5**.

**Loan Documents** means, collectively, this Agreement, any Revolving Credit Note, the Letter of Credit Agreements, the Security Documents, the Guaranty Agreement and each other document, instrument, certificate and agreement executed and delivered by the Credit Parties or any of their respective Subsidiaries in favor of or provided to the Lender or any Secured Party in connection with this Agreement or otherwise referred to herein or contemplated hereby (excluding any Secured Hedge Agreement and any Secured Cash Management Agreement).

**"Material Adverse Effect"** means, with respect to the Borrower and its Subsidiaries, (a) a material adverse effect on the operations, business, assets, properties, liabilities (actual or contingent) or condition (financial or otherwise) of the Borrower and its Subsidiaries, taken as a whole, (b) a material impairment of the ability of any such Person to perform its obligations under the Loan Documents to which it is a party, (c) a material impairment of the rights and remedies of the Lender under any Loan Document or (d) an impairment of the legality, validity, binding effect or enforceability against any Credit Party of any Loan Document to which it is a party.

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**"Moody's"** means Moody's Investors Service, Inc.

**"Multiemployer Plan"** means a "multiemployer plan" as defined in Section 4001(a)(3) of ERISA to which any Credit Party or any ERISA Affiliate is making, or is accruing an obligation to make, or has accrued an obligation to make contributions within the preceding seven (7) years.

**"Non-Guarantor Subsidiary"** means any Subsidiary of the Borrower that is not a Guarantor.

**"Notice of Borrowing"** has the meaning assigned thereto in Section 2.2(b).

**"Notice of Conversion/Continuation"** has the meaning assigned thereto in Section 2.6(c).

**"Notice of Prepayment"** has the meaning assigned thereto in Section 2.4(c).

**"Obligations"** means, in each case, whether now in existence or hereafter arising: (a) the principal of and interest on (including interest accruing after the filing of any bankruptcy or similar petition) the Revolving Credit Loans, (b) the L/C Obligations and (c) all other fees and commissions (including attorneys' fees), charges, indebtedness, loans, liabilities, financial accommodations, obligations, covenants and duties owing by the Credit Parties to the Lender, in each case under any Loan Document, with respect to any Loan or Letter of Credit of every kind, nature and description, direct or indirect, absolute or contingent, due or to become due, contractual or tortious, liquidated or unliquidated, and whether or not evidenced by any note and including interest and fees that accrue after the commencement by or against any Credit Party of any proceeding under any Debtor Relief Laws, naming such Person as the debtor in such proceeding, regardless of whether such interest and fees are allowed claims in such proceeding.

**"OFAC"** means the U.S. Department of the Treasury's Office of Foreign Assets Control.

**"Other Connection Taxes"** means Taxes imposed as a result of a present or former connection between the Lender and the jurisdiction imposing such Tax (other than connections arising from the Lender 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, 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.

**"PATRIOT Act"** means the USA PATRIOT Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)).

**"PBGC"** means the Pension Benefit Guaranty Corporation or any successor agency.

**"Pension Plan"** means any Employee Benefit Plan, other than a Multiemployer Plan, which is subject to the provisions of Title IV of ERISA or Section 412 of the Code and which (a) is maintained, funded or administered for the employees of any Credit Party or any ERISA Affiliate or (b) has at any time within the preceding seven (7) years been maintained, funded or administered for the employees of any Credit Party or any current or former ERISA Affiliates.

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**"Permitted Acquisition"** means any Acquisition permitted pursuant to Section 7.3(h).

**"Permitted Liens"** means the Liens permitted pursuant to Section 7.2.

**"Person"** means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

**"Prime Rate"** means, at any time, the rate of interest per annum publicly announced from time to time by the Lender as its prime rate. Each change in the Prime Rate shall be effective as of the opening of business on the day such change in such prime rate occurs. The parties hereto acknowledge that the rate announced publicly by the Lender as its prime rate is an index or base rate and shall not necessarily be its lowest or best rate charged to its customers or other banks.

**"Property"** means any right or interest in or to property of any kind whatsoever, whether real, personal or mixed and whether tangible or intangible, including, without limitation, Equity Interests.

**"Reimbursement Obligation"** means the obligation of the Borrower to reimburse the Lender pursuant to Section 2.5 for amounts drawn under Letters of Credit.

**"Related Parties"** means, with respect to any Person, such Person's Affiliates and the partners, directors, officers, employees, agents, trustees, administrators, managers, advisors and representatives of such Person and of such Person's Affiliates.

**"Relevant Governmental Body"** means the Board of Governors of the Federal Reserve System or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Board of Governors of the Federal Reserve System or the Federal Reserve Bank of New York, or any successor thereto.

**"Responsible Officer"** means, as to any Person, the chief executive officer, president, chief financial officer, treasurer or assistant treasurer of such Person or any other officer of such Person designated in writing by the Borrower and reasonably acceptable to the Lender.

**"Restricted Payment"** means any dividend on, or the making of any payment or other distribution on account of, or the purchase, redemption, retirement or other acquisition (directly or indirectly) of, or the setting apart assets for a sinking or other analogous fund for the purchase, redemption, retirement or other acquisition of, any class of Equity Interests of the Borrower or any Subsidiary, or the making of any distribution of cash, property or assets to the holders of any Equity Interests of the Borrower or any Subsidiary on account of such Equity Interests.

**"Revolving Credit Commitment"** means the commitment of the Lender to make Revolving Credit Loans, as such amount may be modified at any time or from time to time pursuant to the terms hereof. The Revolving Credit Commitment on the Closing Date shall be \$75,000,000.

**"Revolving Credit Facility"** means the revolving credit facility established pursuant to Article II (including any increase in such revolving credit facility established pursuant to Section 2.9).

**"Revolving Credit Increase"** has the meaning assigned thereto in Section 2.9.

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**"Revolving Credit Loan"** means any revolving loan made to the Borrower pursuant to Section 2.1, and all such revolving loans collectively as the context requires.

**"Revolving Credit Maturity Date"** means the earliest to occur of (a) February 28, 2024, (b) the date of termination of the entire Revolving Credit Commitment by the Borrower pursuant to Section 2.4, and (c) the date of termination of the Revolving Credit Commitment pursuant to Section 8.2(a).

**"Revolving Credit Note"** means a promissory note made by the Borrower in favor of the Lender evidencing the Revolving Credit Loans, substantially in the form attached as **Exhibit A**, and any substitutes therefor, and any replacements, restatements, renewals or extension thereof, in whole or in part.

**"Revolving Credit Outstandings"** means, on any date, the sum of (a) the aggregate outstanding principal amount of all Revolving Credit Loans on such date, after giving effect to any borrowings and prepayments or repayments occurring on such date plus (b) the aggregate outstanding amount of all L/C Obligations on such date after giving effect to any extensions of credit 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 of outstanding unpaid drawings under any Letters of Credit or any reductions in the maximum amount available for drawing under Letters of Credit taking effect on such date.

**"S&P"** means Standard & Poor's Financial Services LLC, a part of McGraw-Hill Financial and any successor thereto.

**"Sale Leaseback Transaction"** means any transaction whereby a Person shall sell or transfer any property, real or personal, used or useful in its business, whether now owned or hereinafter acquired, and thereafter rent or lease such property or other property that such Person intends to use for substantially the same purpose or purposes as the property sold or transferred.

**"Sanctions"** means any and all economic or financial sanctions, sectoral sanctions, secondary sanctions, trade embargoes and anti-terrorism laws, including but not limited to those imposed, administered or enforced from time to time by the U.S. government (including those administered by OFAC or the U.S. Department of State), the United Nations Security Council, the European Union, His Majesty's Treasury, or other relevant sanctions authority with jurisdiction over the Lender, the Borrower or any of its Subsidiaries or Affiliates.

**"Sanctioned Country"** means at any time, a country, region or territory which is itself (or whose government is) the subject or target of any Sanctions (including, as of the First Amendment Effective Date, Cuba, Iran, North Korea, Syria and the Crimea Region).

**"Sanctioned Person"** means, at any time, (a) any Person listed in any Sanctions-related list of designated Persons maintained by OFAC (including, without limitation, OFAC's Specially Designated Nationals and Blocked Persons List and OFAC's Consolidated Non-SDN List), the U.S. Department of State, the United Nations Security Council, the European Union, His Majesty's Treasury, or other relevant sanctions authority, (b) any Person operating, organized or resident in a Sanctioned Country or (c) any Person owned or controlled by any such Person or Persons described in clauses (a) and (b), including a Person that is deemed by OFAC to be a Sanctions target based on the ownership of such legal entity by Sanctioned Person(s).

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

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**"Secured Cash Management Agreement"** means any Cash Management Agreement between or among the Borrower or any Subsidiary and the Lender or any Affiliate of the Lender.

**"Secured Hedge Agreement"** means any Hedge Agreement between or among the Borrower or any Subsidiary and the Lender or any Affiliate of the Lender.

**"Secured Obligations"** means, collectively, (a) the Obligations and (b) all existing or future payment and other obligations owing under (i) any Secured Hedge Agreement and (ii) any Secured Cash Management Agreement; provided that the "Secured Obligations" of a Credit Party shall exclude any Excluded Swap Obligations with respect to such Credit Party.

**"Secured Parties"** means, collectively, the Lender and any Affiliate of the Lender that holds any Secured Obligations and, in each case, their respective successors and permitted assigns.

**"Securities Act"** means the Securities Act of 1933 (15 U.S.C. § 77 *et seq.*).

**"Security Documents"** means the collective reference to the Collateral Agreement and each other agreement or writing pursuant to which any Credit Party pledges or grants a security interest in any Property or assets securing the Secured Obligations.

**"SOFR"** means, a rate equal to the secured overnight financing rate as administered by the SOFR Administrator.

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

**"SOFR Administrator's Website"** means the website of the Federal Reserve Bank of New York, currently at <http://www.newyorkfed.org>, or any successor source for the secured overnight financing rate identified as such by the SOFR Administrator from time to time.

**"SOFR Loan"** means any Daily Simple SOFR Loan or Term SOFR Loan.

**"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 salable 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.

**"Specified Disposition"** means any Asset Disposition (other than sale of inventory in the ordinary course of business) having gross sales proceeds in excess of \$5,000,000.

**"Specified Transactions"** means (a) any Specified Disposition and (b) any Permitted Acquisition.

**"Subordinated Indebtedness"** means the collective reference to any Indebtedness incurred by the Borrower or any of its Subsidiaries that is subordinated in right and time of payment to the Obligations on terms and conditions reasonably satisfactory to the Lender.

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**"Subsidiary"** means as to any Person, any corporation, partnership, limited liability company or other entity of which more than fifty percent (50%) of the outstanding Equity Interests having ordinary voting power to elect a majority of the board of directors (or equivalent governing body) or other managers of such corporation, partnership, limited liability company or other entity is at the time owned by (directly or indirectly) or the management is otherwise controlled by (directly or indirectly) such Person (irrespective of whether, at the time, Equity Interests of any other class or classes of such corporation, partnership, limited liability company or other entity shall have or might have voting power by reason of the happening of any contingency). Unless otherwise qualified, references to "Subsidiary" or "Subsidiaries" herein shall refer to those of the Borrower.

**"Swap Obligation"** means, with respect to any Credit 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.

**"Sweep Arrangement"** has the meaning ascribed thereto in [Section 2.2\(a\)](#).

**"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, fines, additions to tax or penalties applicable thereto.

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

**"Term SOFR Administrator"** means CME Group Benchmark Administration Limited (CBA) (or a successor administrator of the Term SOFR Reference Rate selected by the Lender in its reasonable discretion).

**"Term SOFR Loan"** means any Loan bearing interest at a rate based on Adjusted Term SOFR, as provided in [Section 2.6\(a\)](#).

**"Term SOFR Reference Rate"** means the forward-looking term rate based on SOFR.

**"UCC"** means the Uniform Commercial Code as in effect in the State of Texas.

**"United States"** means the United States of America.

**"U.S. Government Securities Business Day"** means any day except for (a) a Saturday, (b) a Sunday or (c) a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in United States government securities; **provided,** that for purposes of notice requirements in [Sections 2.2\(b\)](#), and [2.6\(c\)](#) in each case, such day is also a Business Day.

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**"Wells Fargo"** means Wells Fargo Bank, National Association, a national banking association.

**"Wholly-Owned"** means, with respect to a Subsidiary, that all of the Equity Interests of such Subsidiary are, directly or indirectly, owned or controlled by the Borrower and/or one or more of its Wholly-Owned Subsidiaries (except for directors' qualifying shares or other shares required by Applicable Law to be owned by a Person other than the Borrower and/or one or more of its Wholly-Owned Subsidiaries).

**SECTION 1.2 Other Definitions and 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, (b) whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms, (c) the words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation", (d) the word "will" shall be construed to have the same meaning and effect as the word "shall", (e) any reference herein to any Person shall be construed to include such Person's successors and assigns, (f) the words "herein", "hereto" and "hereunder", and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (g) all references herein to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, this Agreement, (h) 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, (i) the term "documents" includes any and all instruments, documents, agreements, certificates, notices, reports, financial statements and other writings, however evidenced, whether in physical or electronic form and (j) 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". The amount of contingent liabilities or a liability that is contingent, when such liabilities are referenced in this Agreement, shall mean the amount of such liabilities computed as the amount that, in 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.

**SECTION 1.3 Accounting Terms.**

(a) 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 and in a manner consistent with that used in preparing the audited financial statements required by Section 6.1(a), 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, 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.

(b) If at any time any change in GAAP would affect the computation of any financial ratio or requirement set forth in any Loan Document, and either the Borrower or the Lender shall so request, the Lender 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; 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 Lender 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; provided further that all obligations of any Person that are or would have been treated as operating leases for purposes of GAAP prior to the effectiveness of FASB ASC 842 shall continue to be accounted for as operating leases for purposes of all financial definitions and calculations for purpose of this Agreement (whether or not such operating lease obligations were in effect on such date) notwithstanding the fact that such obligations are required in accordance with FASB ASC 842 (on a prospective or retroactive basis or otherwise) to be treated as Capital Lease Obligations in the financial statements.

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**SECTION 1.4 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.

**SECTION 1.5 References to Agreement and Laws.** Unless otherwise expressly provided herein, (a) any definition or reference to formation documents, governing documents, agreements (including the Loan Documents) and other contractual documents or instruments shall be deemed to include all subsequent amendments, restatements, extensions, supplements and other modifications thereto, but only to the extent that such amendments, restatements, extensions, supplements and other modifications are not prohibited by any Loan Document; and (b) any definition or reference to any Applicable Law shall include all statutory and regulatory provisions consolidating, amending, replacing, supplementing or interpreting such Applicable Law.

**SECTION 1.6 Times of Day.** Unless otherwise specified, all references herein to times of day shall be references to Central time (daylight or standard, as applicable).

**SECTION 1.7 Letter of Credit Amounts.** Unless otherwise specified, all references herein to the amount of a Letter of Credit at any time shall be deemed to mean the maximum face amount of such Letter of Credit after giving effect to all increases thereof contemplated by such Letter of Credit or the Letter of Credit Agreement therefor (at the time specified therefor in such applicable Letter of Credit or Letter of Credit Agreement and as such amount may be reduced by (a) any permanent reduction of such Letter of Credit or (b) any amount which is drawn, reimbursed and no longer available under such Letter of Credit).

**SECTION 1.8 Covenant Compliance Generally.** For purposes of determining compliance under Sections 7.1, 7.2, 7.3, 7.5 and 7.6, any amount in a currency other than Dollars will be converted to Dollars in a manner consistent with that used in calculating Consolidated Net Income in the most recent annual financial statements of the Borrower and its Subsidiaries delivered pursuant to Section 6.1(a). Notwithstanding the foregoing, for purposes of determining compliance with Sections 7.1, 7.2 and 7.3, with respect to any amount of Indebtedness or Investment in a currency other than Dollars, no breach of any basket contained in such sections shall be deemed to have occurred solely as a result of changes in rates of exchange occurring after the time such Indebtedness or Investment is incurred; provided that for the avoidance of doubt, the foregoing provisions of this Section 1.8 shall otherwise apply to such Sections, including with respect to determining whether any Indebtedness or Investment may be incurred at any time under such Sections.

**SECTION 1.9 Divisions.** For all purposes under the Loan Documents, in connection with any division or plan of division under Delaware law (or any comparable event under a different jurisdiction's laws): (a) if any asset, right, obligation or liability of any Person becomes the asset, right, obligation or liability of a different Person, then it shall be deemed to have been transferred from the original Person to the subsequent Person, and (b) if any new Person comes into existence, such new Person shall be deemed to have been organized on the first date of its existence by the holders of its Equity Interests at such time.

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**SECTION 1.10 Rates.** The Lender does not warrant or accept any responsibility for, and shall not have any liability with respect to, (a) the continuation of, administration of, submission of, calculation of or any other matter related to Daily Simple SOFR, SOFR, the Term SOFR Reference Rate, Adjusted Term SOFR or Term SOFR, or any component definition thereof or rates referred to in the definition thereof, or with respect to any alternative, successor or replacement rate thereto (including any Benchmark Replacement), including whether the composition or characteristics of any such alternative, successor or replacement rate (including any Benchmark Replacement), as it may or may not be adjusted pursuant to Section 3.5, will be similar to, or produce the same value or economic equivalence of, or have the same volume or liquidity as, Adjusted Daily Simple SOFR, SOFR, the Term SOFR Reference Rate, Adjusted Term SOFR, Term SOFR or any other Benchmark prior to its discontinuance or unavailability, or (b) the effect, implementation or composition of any Conforming Changes. The Lender and its Affiliates or other related entities may engage in transactions that affect the calculation of Adjusted Daily Simple SOFR, SOFR, the Term SOFR Reference Rate, Adjusted Term SOFR, or Term SOFR, any alternative, successor or replacement rate (including any Benchmark Replacement) or any relevant adjustments thereto and such transactions may be adverse to the Borrower. The Lender may select information sources or services in its reasonable discretion to ascertain Adjusted Daily Simple SOFR, SOFR, the Term SOFR Reference Rate, Adjusted Term SOFR or Term SOFR, or any other Benchmark, any component definition thereof or rates referred to in the definition thereof, in each case pursuant to the terms of this Agreement, and shall have no liability to the Borrower or any other person or entity for damages of any kind, including direct or indirect, special, punitive, incidental or consequential damages, costs, losses or expenses (whether in tort, contract or otherwise and whether at law or in equity), for any error or calculation of any such rate (or component thereof) provided by any such information source or service.

## ARTICLE II

### REVOLVING CREDIT FACILITY

**SECTION 2.1 Revolving Credit Loans.** Subject to the terms and conditions of this Agreement and the other Loan Documents, and in reliance upon the representations and warranties set forth in this Agreement and the other Loan Documents, the Lender agrees to make Revolving Credit Loans in Dollars to the Borrower from time to time from the Closing Date to, but not including, the Revolving Credit Maturity Date; provided, that the Revolving Credit Outstanding shall not exceed the Revolving Credit Commitment. Subject to the terms and conditions hereof, the Borrower may borrow, repay and reborrow Revolving Credit Loans hereunder until the Revolving Credit Maturity Date. The Revolving Credit Loans made by the Lender shall be evidenced by one or more accounts or records maintained by the Lender in the ordinary course of business, which shall be conclusive absent manifest error of the amount of the Revolving Credit Loans made by the Lender and the interest and payments thereon. The Lender may request a Revolving Credit Note in addition to such accounts or records. The Revolving Credit Facility and the Revolving Credit Commitment shall terminate on the Revolving Credit Maturity Date.

**SECTION 2.2 Procedure for Advances of Revolving Credit Loans.**

(a) Sweep Arrangement. Advances, repayments, and reborrowings of Revolving Credit Loans may be made in accordance with a cash management system with the Lender, which shall be evidenced by separate, standard documentation of the Lender (the "Sweep Arrangement"). Pursuant to such cash management system, the Borrower will establish a "concentration account" with the Lender into which all of the Borrower's deposit accounts will be swept daily, and from which payments will be made to the Borrower to cover withdrawals from the Borrower's deposit accounts. At the close of each Business Day, (i) any funds remaining in said concentration account will be applied by the Lender to outstanding Revolving Credit Loans and (ii) any shortages in said concentration account will be covered by an automatic advance of a Revolving Credit Loans. Any remaining funds in said concentration account at the end of each Business Day after repayment of all outstanding Revolving Credit Loans shall be invested overnight in accordance with the Sweep Arrangement. Revolving Credit Loans made pursuant to the Sweep Arrangement may be Base Rate Loans or Daily Simple SOFR Loans, as selected by the Borrower.

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(b) Requested Loans. In addition to any Sweep Arrangement, the Borrower may request Revolving Credit Loans by giving the Lender irrevocable prior written notice substantially in the form of **Exhibit B** (a "Notice of Borrowing") (or by electronic or telephonic notice as set forth below) not later than 11:00 a.m. (i) on the same Business Day as each Base Rate Loan and (ii) at least five (5) U.S. Government Securities Business Days before each Daily Simple SOFR Loan and (iii) at least three (3) U.S. Government Securities Business Days before each Term SOFR Loan, of its intention to borrow. The Borrower authorizes the Lender to disburse the proceeds of each Revolving Credit Loan by crediting or wiring such proceeds to the deposit account of the Borrower identified to Lender in writing from time to time.

(c) Electronic/Telephonic Requests. The Lender will permit telephonic requests for Revolving Credit Loans and electronic transmittal of instructions, authorizations, agreements or reports to the Lender by the Borrower. Unless the Borrower specifically directs Lender in writing not to accept or act upon telephonic or electronic communications from the Borrower, Lender shall have no liability to the Borrower for any loss or damage suffered by the Borrower as a result of Lender's honoring of any requests, execution of any instructions, authorizations or agreements or reliance on any reports communicated to Lender telephonically or electronically and purporting to have been sent to Lender by Borrowers and Lender shall have no duty to verify the origin of any such communication or the authority of the person sending it. Authorization shall be limited to designated Authorized Representatives appointed by writing delivered by Borrowers to Lender.

#### SECTION 2.3 Repayment and Prepayment of Revolving Credit Loans.

(a) Repayment on Termination Date. The Borrower hereby agrees to repay the outstanding principal amount of all Revolving Credit Loans in full on the Revolving Credit Maturity Date, together, in each case, with all accrued but unpaid interest thereon.

(b) Mandatory Prepayments. If at any time the Revolving Credit Outstandings exceed the Revolving Credit Commitment, the Borrower agrees to repay immediately upon notice from the Lender, Revolving Credit Loans in an amount equal to such excess with each such repayment applied first, to the principal amount of outstanding Revolving Credit Loans and second, with respect to any Letters of Credit then outstanding, a payment of Cash Collateral into a Cash Collateral account opened by the Lender in an amount equal to such excess.

(c) Optional Prepayments. In addition to any Sweep Arrangement, the Borrower may at any time and from time to time prepay Revolving Credit Loans, in whole or in part, without premium or penalty (except as set forth in Section 3.2) by giving irrevocable prior written notice to the Lender substantially in the form attached as **Exhibit E** (a "Notice of Prepayment") not later than 11:00 a.m. (i) on the same Business Day as prepayment of each Base Rate Loan, (ii) at least five (5) U.S. Government Securities Business Days before prepayment of each Daily Simple SOFR Loan and (iii) at least three (3) U.S. Government Securities Business Days before prepayment of each Term SOFR Loan, specifying the date and amount of prepayment and whether the prepayment is of Daily Simple SOFR Loans, Term SOFR Loans, Base Rate Loans or a combination thereof, and, if of a combination thereof, the amount allocable to each. If any such notice is given, the amount specified in such notice shall be due and payable on the date set forth in such notice. A Notice of Prepayment received after 11:00 a.m. shall be deemed received on the next Business Day or U.S. Government Securities Business Day, as applicable.

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SECTION 2.4 Voluntary Reduction of the Revolving Credit Commitment. The Borrower shall have the right at any time and from time to time, upon prior written notice to the Lender, to permanently reduce, without premium or penalty, the Revolving Credit Commitment in an aggregate principal amount not less than \$3,000,000 or any whole multiple of \$1,000,000 in excess thereof. Each such reduction shall be accompanied by a payment of principal sufficient to reduce the aggregate outstanding Revolving Credit Loans and L/C Obligations, as applicable, after such reduction, and if the aggregate amount of all outstanding Letters of Credit exceeds the Revolving Credit Commitment as so reduced, the Borrower shall be required to deposit Cash Collateral in a Cash Collateral account opened by the Lender in an amount equal to such excess.

#### SECTION 2.5 L/C Facility.

(a) Availability. The Lender agrees to issue standby Letters of Credit in an aggregate amount not to exceed its L/C Sublimit for the account of the Borrower or any Subsidiary thereof, so long as after giving effect to such issuance (i) the L/C Obligations do not exceed the L/C Sublimit and (ii) the Revolving Credit Outstandings do not exceed the Revolving Credit Commitment. Letters of Credit may be issued on any Business Day from the Closing Date to, but not including the thirtieth (30<sup>th</sup>) Business Day prior to the Revolving Credit Maturity Date in such form as may be approved from time to time by the Lender.

(b) Terms of Letters of Credit. The form and substance of each Letter of Credit shall be subject to approval by the Lender, in its sole discretion. Each Letter of Credit shall be issued for a term not to exceed 365 days, as designated by the Borrower (subject to such automatic renewal provisions as may be acceptable to the Lender, in its sole discretion); provided that no Letter of Credit shall have an expiration date subsequent to the date that is five (5) Business Days prior to the Revolving Credit Maturity Date. The undrawn amount of all Letters of Credit shall be reserved under the Revolving Credit Commitment and shall not be available for borrowings thereunder. Each Letter of Credit shall be subject to the additional terms and conditions of the letter of credit agreements, applications and any related documents required by the Lender in connection with the issuance thereof (each, a "Letter of Credit Agreement"). The Borrower shall reimburse the Lender for each drawing in full on the date such drawing is made. To the extent not reimbursed by the Borrower on the date of drawing, each drawing paid under a Letter of Credit shall be deemed to be repaid to the Lender through a Base Rate Loan; provided that if Revolving Credit Loans are not available for any reason at the time any drawing is paid, then the Borrower shall immediately reimburse to the Lender the full amount drawn, together with interest thereon from the date such drawing is paid to the date such amount is fully repaid by the Borrower, at the rate pursuant to Section 2.6(b) applicable to Base Rate Loans. In such event the Borrower agrees that the

Lender, in its sole discretion, may debit any account maintained by the Borrower with the Lender for the amount of any such drawing. If any Event of Default shall occur and be continuing or if any L/C Obligations are outstanding on the date that is five (5) Business Days prior to the Revolving Credit Maturity Date, on the Business Day that the Borrower receives notice from the Lender demanding same, the Borrower shall immediately Cash Collateralize the Letter of Credit Exposure as of such date; provided that the obligation to provide such Cash Collateral shall become effective immediately, without demand or other notice of any kind, (x) upon the occurrence of any Event of Default with respect to the Borrower described in Section 8.1(f) or (g), and (y) if any L/C Obligations remain outstanding on the Revolving Credit Maturity Date. The Lender shall not at any time be obligated to issue any Letter of Credit hereunder if (i) the conditions set forth in Section 4.2 are not satisfied, (ii) the issuance of such Letter of Credit would violate one or more policies of the Lender applicable to letters of credit generally or (iii) the beneficiary of such Letter of Credit is a Sanctioned Person. References herein to "issue" and derivations thereof with respect to Letters of Credit shall also include extensions or modifications of any outstanding Letters of Credit, unless the context otherwise requires. To the extent that any provision of any Letter of Credit Agreement is inconsistent with the provisions of this Section 2.5, the provisions of this Section 2.5 shall apply.

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(c) Commissions and Other Charges. The Borrower shall pay to the Lender a letter of credit commission with respect to each Letter of Credit in the amount equal to the daily amount available to be drawn under such Letters of Credit times the Applicable Margin with respect to Revolving Credit Loans that are SOFR Loans (determined on a per annum basis). Such commissions shall be payable quarterly in arrears on the last Business Day of each calendar quarter, on the Revolving Credit Maturity Date and thereafter on demand of the Lender. In addition to the foregoing commissions, the Borrower shall pay or reimburse the Lender for such normal and customary fees, costs, charges and expenses as are incurred or charged by the Lender in issuing, effecting payment under, amending or otherwise administering any Letter of Credit issued by it.

(d) Obligations Absolute. The Borrower's obligations under this Section 2.5 shall be absolute and unconditional under any and all circumstances and irrespective of any setoff, counterclaim or defense to payment which the Borrower may have or have had against the Lender or any beneficiary of a Letter of Credit or any other Person. The Borrower also agrees that the Lender shall not be responsible for, among other things, the validity or genuineness of documents or of any endorsements thereon, even though such documents shall in fact prove to be invalid, fraudulent or forged, or any dispute between or among the Borrower and any beneficiary of any Letter of Credit or any other party to which such Letter of Credit may be transferred or any claims whatsoever of the Borrower against any beneficiary of such Letter of Credit or any such transferee. The Lender shall not be liable for any error, omission, interruption or delay in transmission, dispatch or delivery of any message or advice, however transmitted, in connection with any Letter of Credit issued by it, except for errors or omissions caused by the Lender's gross negligence or wilful misconduct, as determined by a court of competent jurisdiction by final nonappealable judgment.

#### SECTION 2.6 Interest.

(a) Interest Rate Options. Subject to the provisions of this Section, at the election of the Borrower, Revolving Credit Loans shall bear interest at (i) the Base Rate plus the Applicable Margin, (ii) Adjusted Daily Simple SOFR plus the Applicable Margin or (iii) Adjusted Term SOFR plus the Applicable Margin (provided that Adjusted Term SOFR shall not be available under the Sweep Arrangement).

(b) Default Rate. (i) Immediately upon the occurrence and during the continuance of an Event of Default under Section 8.1(a), (b), (f) or (g), or (ii) at the election of the Lender, upon the occurrence and during the continuance of any other Event of Default, (i) the Borrower shall no longer have the option to request SOFR Loans or Letters of Credit, (ii) all outstanding Daily Simple SOFR Loans shall bear interest at a rate per annum of two percent (2%) in excess of the rate (including the Applicable Margin) then applicable to Daily Simple SOFR Loans until the applicable Interest Payment Date and thereafter at a rate equal to two percent (2%) in excess of the rate (including the Applicable Margin) then applicable to Base Rate Loans, (iii) all outstanding Term SOFR Loans shall bear interest at a rate per annum of two percent (2%) in excess of the rate (including the Applicable Margin) then applicable to Term SOFR Loans until the end of the applicable Interest Period, and thereafter at a rate per annum of two percent (2%) in excess of the rate (including the Applicable Margin) then applicable to Base Rate Loans, (D) all outstanding Base Rate Loans and other Obligations arising hereunder or under any other Loan Document shall bear interest at a rate per annum equal to two percent (2%) in excess of the rate (including the Applicable Margin) then applicable to Base Rate Loans or such other Obligations arising hereunder or under any other Loan Document and (E) all accrued and unpaid interest shall be due and payable on demand of the Lender. Interest shall continue to accrue on the Obligations after the filing by or against the Borrower of any petition seeking any relief in bankruptcy or under any Debtor Relief Law.

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(c) Notice and Manner of Conversion or Continuation of Loans. Provided that no Default or Event of Default has occurred and is then continuing the Borrower shall have the option to (i) convert all or any portion of any outstanding Base Rate Loans into one or more SOFR Loans and (ii) with respect to any (A) Daily Simple SOFR Loan, on an Interest Payment Date or (B) Term SOFR Loan, upon the expiration of any Interest Period, therefore, in each case, (x) convert all or any part of any outstanding SOFR Loans into Base Rate Loans, Daily Simple SOFR Loans or Term SOFR Loans or (y) continue such any Daily Simple SOFR Loans as Daily Simple SOFR Loans, or (z) continue any Term SOFR Loans as Term SOFR Loans. The Borrower shall give the Lender prior written notice in the form attached as **Exhibit C** (a "Notice of Conversion/Continuation") not later than 11:00 a.m. (x) in the case of a Loan continuing as or converting to a Daily Simple SOFR Loan, five (5) U.S. Government Securities Business Days before the day on which a

proposed conversion or continuation of such Loan is to be effective, (y) in the case of a Loan continuing as or converting to a Term SOFR Loan, three (3) U.S. Government Securities Business Days before the day on which a proposed conversion or continuation of such Loan is to be effective or (z) in the case of a Loan converting to a Base Rate Loan, on the Business Day of such conversion, in each case, (A) the Loans to be converted or continued, and, in the case of any Term SOFR Loan to be converted or continued, the last day of the Interest Period therefor, (B) the effective date of such conversion or continuation (which shall be a Business Day), (C) the principal amount of such Loans to be converted or continued and (D) in the case of any Term SOFR Loan, the Interest Period to be applicable to such converted or continued Term SOFR Loan. If the Borrower fails to deliver a timely Notice of Conversion/Continuation prior to (x) with respect to a Daily Simple SOFR Loan, the applicable Interest Payment Date therefor, then such Daily Simple SOFR Loan shall be continued as a Daily Simple SOFR Loan or (y) with respect to a Term SOFR Loan, prior to the end of the applicable Interest Period therefor, then such Term SOFR Loan shall be continued as a Term SOFR Loan for the same Interest Period.

(d) Interest Payment and Computation. Interest on each Loan shall be due and payable in arrears on each Interest Payment Date applicable thereto; provided that (i) in the event of any repayment or prepayment of any Term SOFR Loan, accrued interest on the principal amount repaid or prepaid shall be payable on the date of such repayment or prepayment and (ii) in the event of any conversion of any Term SOFR Loan prior to the end of the Interest Period therefor, accrued interest on such Loan shall be payable on the effective date of such conversion. All computations of interest for Base Rate Loans 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 provided hereunder shall be made on the basis of a 360-day year and actual days elapsed (which results in more fees or interest, as applicable, being paid than if computed on the basis of a 365/366-day year).

(e) Maximum Rate. In no contingency or event whatsoever shall the aggregate of all amounts deemed interest under this Agreement charged or collected pursuant to the terms of this Agreement exceed the highest rate permissible under any Applicable Law which a court of competent jurisdiction shall, in a final determination, deem applicable hereto (the "Maximum Rate"). In the event that such a court determines that the Lender has charged or received interest hereunder in excess of the Maximum Rate, the rate in effect hereunder shall automatically be reduced to the Maximum Rate and the Lender shall (i) promptly refund to the Borrower any interest received by the Lender in excess of the Maximum Rate or (ii) apply such excess to the principal balance of the Obligations. It is the intent hereof that the Borrower not pay or contract to pay, and that the Lender not receive or contract to receive, directly or indirectly in any manner whatsoever, interest in excess of the Maximum Rate. To the extent that either Chapter 303 or 306, or both, of the Texas Finance Code apply in determining the Maximum Rate, the Lender hereby elects to determine the applicable rate ceiling by using the weekly ceiling from time to time in effect, subject to the Lender's right subsequently to change such method in accordance with Applicable Law.

(a) Initial Benchmark Conforming Changes. In connection with the use or administration of any Benchmark, the Lender will have the right to make Conforming Changes from time to time and, notwithstanding anything to the contrary herein or in any other Loan Document, any amendments implementing such Conforming Changes will become effective without any further action or consent of any other party to this Agreement or any other Loan Document. The Lender will promptly notify the Borrower of the effectiveness of any Conforming Changes in connection with the use or administration of any Benchmark.

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**SECTION 2.7 Commitment Fee.** Commencing on the Closing Date, the Borrower shall pay to the Lender a non-refundable commitment fee (the "Commitment Fee") at a rate per annum equal to the Applicable Margin on the actual daily unused portion of the Revolving Credit Commitment. The Commitment Fee shall be payable in arrears on the last Business Day of each calendar quarter during the term of this Agreement and ending on the date upon which all Obligations (other than contingent indemnification obligations not then due) shall have been indefeasibly and irrevocably paid and satisfied in full, all Letters of Credit have been terminated or expired (or been Cash Collateralized) and the Revolving Credit Commitment has been terminated.

**SECTION 2.8 Manner of Payment.** To the extent not otherwise being paid pursuant to the Sweep Arrangement, each payment by the Borrower on account of the principal of or interest on the Revolving Credit Loans or of any fee, commission or other amounts (including the Reimbursement Obligation) payable to the Lender hereunder shall be made not later than 1:00 p.m. on the date specified for payment under this Agreement in immediately available funds and shall be made without any setoff, counterclaim or deduction whatsoever. Subject to the definitions of Interest Period and Interest Payment Date, if any payment under this Agreement shall be specified to be made upon a day which is not a Business Day, it shall be made on the next succeeding day which is a Business Day and such extension of time shall in such case be included in computing any interest if payable along with such payment.

**SECTION 2.9 Increase Option.** The Borrower may from time to time request to increase the Revolving Credit Commitment (each, a "Revolving Credit Increase") in minimum increments of \$10,000,000 so long as, after giving effect thereto, the aggregate amount of such Revolving Credit Increases during the term of this Agreement does not exceed \$50,000,000. Revolving Credit Increases pursuant to this Section shall become effective on the date agreed by the Borrower and the Lender. Each Revolving Credit Increase shall be subject to the following conditions: (a) on the proposed date of the effectiveness of such Revolving Credit Increase, (i) the conditions set forth in paragraphs (a) and (b) of Section 4.2 shall be satisfied and the Lender shall have received a certificate from the Borrower to that effect and (ii) the Borrower shall be in compliance (on a pro forma basis) with the covenants contained in Section 7.13 and (b) the Lender shall have received documents, certificates and opinions consistent with those delivered on the Closing

Date as to the organizational power and authority of the Borrower to borrow hereunder after giving effect to such Revolving Credit Increase and such other documents reasonably requested by the Lender. The Lender shall not be obligated to provide any such Revolving Credit Increase.

### ARTICLE III

#### CHANGED CIRCUMSTANCES; INCREASED COSTS; TAXES

##### SECTION 3.1 Changed Circumstances.

(a) Circumstances Affecting Benchmark Availability. Subject to Section 3.5, in connection with any request for a SOFR Loan or a conversion to or continuation thereof or otherwise, if for any reason the Lender shall determine (which determination shall be conclusive and binding absent manifest error) that (i) reasonable and adequate means do not exist for ascertaining Daily Simple SOFR pursuant to the definition thereof or Term SOFR with respect to a proposed Term SOFR Loan on or prior to the first day of the applicable Interest Period or (ii) Daily Simple SOFR or Term SOFR, as applicable, does not adequately and fairly reflect the cost to the Lender of making or maintaining any such Loan during, with respect to Term SOFR, such Interest Period and, in the case of clause (ii), the Lender shall promptly give notice thereof to the Borrower. Upon notice thereof by the Lender to the Borrower, any obligation of the Lender to make SOFR Loans, and any right of the Borrower to convert any Loan to or continue any Loan as a SOFR Loan, shall be suspended (to the extent of the affected SOFR Loans or the affected Interest Periods) until the Lender revokes such notice. Upon receipt of such notice, (A) the Borrower may revoke any pending request for a borrowing of, conversion to or continuation of SOFR Loans (to the extent of the affected SOFR Loans or the affected Interest Periods) or, failing that, the Borrower will be deemed to have converted any such request into a request for a borrowing of or conversion to Base Rate Loans in the amount specified therein and (B) any outstanding affected SOFR Loans will be deemed to have been converted into Base Rate Loans (I) with respect to any Daily Simple SOFR Loans, immediately and (II) with respect to any Term SOFR Loans, at the end of the applicable Interest Period. 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 3.2.

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(b) Laws Affecting SOFR Availability. If, after the date hereof, the introduction of, or any change in, any Applicable Law or any change in the interpretation or administration thereof by any Governmental Authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by the Lender with any request or directive (whether or not having the force of law) of any such Governmental Authority, central bank or comparable agency, shall make it unlawful or impossible for any of the Lender to honor its obligations hereunder to make or maintain any SOFR Loan, or to determine or charge interest based upon SOFR, Daily Simple SOFR, the Term SOFR Reference Rate, or Term SOFR, the Lender shall promptly give notice thereof to the Borrower (an "Illegality Notice"). Thereafter, until the Lender notifies the Borrower that the circumstances giving rise to such determination no longer exist, (i) any obligation of the Lender to make Daily Simple SOFR Loans or Term SOFR Loans, as applicable, and any right of the Borrower to convert any Loan to a Daily Simple SOFR Loan or a Term SOFR Loan, as applicable, shall be suspended and (ii) if necessary to avoid such illegality, the Lender shall compute the Base Rate without reference to clause (c) of the definition of "Base Rate". Upon receipt of an Illegality Notice, the Borrower shall, if necessary to avoid such illegality, upon demand from the Lender, prepay or, if applicable, convert all affected SOFR Loans to Base Rate Loans (in each case, if necessary to avoid such illegality, the Lender shall compute the Base Rate without reference to clause (c) of the definition of "Base Rate") (A) with respect to any Daily Simple SOFR Loans, on the Interest Payment Date therefor and (B) with respect to any Term SOFR Loans, on the last day of the Interest Period therefor, if the Lender may lawfully continue to maintain such SOFR Loans to such day, or immediately, if the Lender may not lawfully continue to maintain such SOFR Loans to such day. 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 3.2.

SECTION 3.2 Indemnity. The Borrower hereby indemnifies the Lender against any loss, cost or expense (including any loss, cost or expense arising from the liquidation or reemployment of funds or from any fees payable) which may arise, be attributable to or result due to or as a consequence of (a) any failure by the Borrower to make any payment when due of any amount due hereunder in connection with a SOFR Loan, (b) any failure of the Borrower to borrow or continue a SOFR Loan or convert to a SOFR Loan on a date specified therefor in a Notice of Borrowing or Notice of Conversion/Continuation, (c) any failure of the Borrower to prepay any SOFR Loan on a date specified therefor in any Notice of Prepayment, or (d) any payment, prepayment or conversion of any SOFR Loan on a date other than (i) with respect to any Daily Simple SOFR Loan, the applicable Interest Payment Date therefor or (ii) with respect to any Term SOFR Loan, the last day of the Interest Period therefor (in each case, including as a result of an Event of Default). A certificate of the Lender setting forth the basis for determining such amount or amounts necessary to compensate the Lender shall be forwarded to the Borrower and shall be conclusively presumed to be correct save for manifest error. All of the obligations of the Credit Parties under this Section 3.2 shall survive the termination of the Commitments and the repayment, satisfaction or discharge of all obligations under any Loan Document.

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##### SECTION 3.3 Increased Costs.

(a) Increased Costs Generally. If any Change in Law shall (i) impose, modify or deem applicable any reserve (including pursuant to regulations issued from time to time by the Federal Reserve Board for determining the maximum reserve requirement (including any emergency, special,

supplemental or other marginal reserve requirement) with respect to eurocurrency funding (currently referred to as "Eurocurrency liabilities" in Regulation D of the Board of Governors of the Federal Reserve System of the United States, as amended and in effect from time to time), special deposit, compulsory loan, insurance charge or similar requirement against assets of, deposits with or for the account of, or advances, loans or other credit extended or participated in by, the Lender, (ii) subject the Lender to any Taxes (other than (A) Indemnified Taxes and (B) Taxes described in clauses (b) through (d) of the definition of Excluded 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 the Lender any other condition, cost or expense (other than Taxes) affecting this Agreement or SOFR Loans made by the Lender or any Letter of Credit, and the result of any of the foregoing shall be to increase the cost to the 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 the Lender issuing or maintaining any Letter of Credit or to reduce the amount of any sum received or receivable by the Lender hereunder (whether of principal, interest or any other amount) then, upon written request of the Lender, the Borrower shall promptly pay to the Lender any such additional amount or amounts as will compensate the Lender for such additional costs incurred or reduction suffered.

(b) Capital Requirements. If the Lender determines that any Change in Law affecting the Lender or its holding company, if any, regarding capital or liquidity requirements, has or would have the effect of reducing the rate of return on the Lender's capital or on the capital of its holding company, if any, as a consequence of this Agreement, the Revolving Credit Commitment or the Loans made by, or the Letters of Credit issued by, the Lender to a level below that which the Lender or its holding company could have achieved but for such Change in Law (taking into consideration the Lender's policies and the policies of its holding company with respect to capital adequacy and liquidity), then from time to time upon written request of the Lender the Borrower shall promptly pay to the Lender such additional amount or amounts as will compensate the Lender or its holding company for any such reduction suffered.

(c) Certificates for Reimbursement. A certificate of the Lender setting forth the amount or amounts necessary to compensate it or its holding company as specified in paragraph (a) or (b) of this Section and delivered to the Borrower, shall be conclusive absent manifest error. The Borrower shall pay the Lender the amount shown as due on any such certificate within ten (10) days after receipt thereof. Failure or delay on the part of the Lender to demand compensation pursuant to this Section shall not constitute a waiver of the Lender's right to demand such compensation.

(d) Delay in Requests. Failure or delay on the part of the Lender to demand compensation pursuant to this Section shall not constitute a waiver of the Lender's right to demand such compensation; provided that the Borrower shall not be required to compensate the Lender pursuant to this Section for any increased costs incurred or reductions suffered more than six (6) months prior to the date that the Lender, as the case may be, notifies the Borrower of the Change in Law giving rise to such increased costs or reductions, and of the Lender'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 six-month period referred to above shall be extended to include the period of retroactive effect thereof).

**SECTION 3.4 Taxes.** Any and all payments by or on account of the Obligations shall be made without deduction or withholding for any Taxes, except as required by Applicable Law. If any Applicable Law requires the deduction or withholding of any Tax from any such payment by the Lender, then the Borrower 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 Borrower shall be increased as necessary so that, after such deduction or withholding has been made (including such deductions and withholdings applicable to additional sums payable under this Section), the Lender receives an amount equal to the sum it would have received had no such deduction or withholding been made. The Borrower shall timely pay to the relevant Governmental Authority in accordance with Applicable Law, or at the option of the Lender timely reimburse it for the payment of, any Other Taxes. The Borrower shall indemnify the Lender, 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) payable or paid by the Lender or required to be withheld or deducted from a payment to the Lender and any 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.

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#### SECTION 3.5 Benchmark Replacement Setting.

(a) Benchmark Replacement. Notwithstanding anything to the contrary herein or in any other Loan Document (an any Hedge Agreement shall be deemed not to be a "Loan Document" for purposes of this Section 3.5), upon the occurrence of a Benchmark Transition Event with respect to any Benchmark, the Lender and the Borrower may amend this Agreement to replace such Benchmark with a Benchmark Replacement. No replacement of a Benchmark with a Benchmark Replacement pursuant to this Section 3.5(a) will occur prior to the applicable Benchmark Transition Start Date.

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

(c) Notices; Standards for Decisions and Determinations. The Lender will promptly notify the Borrower of (i) the implementation of any Benchmark Replacement and (ii) the effectiveness of any Conforming Changes in connection with the use, administration, adoption or implementation of a Benchmark Replacement. The Lender will promptly notify the Borrower of the removal or reinstatement of any tenor of a Benchmark pursuant to

**Section 3.5(d).** Any determination, decision or election that may be made by the Lender pursuant to this Section 3.5, including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection, will be conclusive and binding absent manifest error and may be made in its or their sole discretion and without consent from the Borrower any other Credit Party except, in each case, as expressly required pursuant to this Section 3.5.

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

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

#### ARTICLE IV

##### CONDITIONS OF CLOSING AND BORROWING

**SECTION 4.1 Conditions to Closing and Initial Extensions of Credit.** The obligation of the Lender to close this Agreement and to make the initial Revolving Credit Loans or issue the initial Letter of Credit, if any, is subject to the receipt and satisfaction by the Lender of each of the following:

(a) this Agreement, a Revolving Credit Note in favor of the Lender, the Security Documents and the Guaranty Agreement, together with any other applicable Loan Documents;

(b) a certificate from a Responsible Officer of the Borrower to the effect that (i) all representations and warranties of the Credit Parties contained in this Agreement and the other Loan Documents are true, correct and complete, (ii) after giving effect to the Closing Date, no Default or Event of Default has occurred and is continuing, (iii) after giving effect to the Closing Date, each Credit Party and each Subsidiary thereof is each Solvent and (iv) since December 31, 2015, no event has occurred or condition arisen, either individually or in the aggregate, that has had or could reasonably be expected to have a Material Adverse Effect.

(c) a certificate of a Responsible Officer of each Credit Party certifying as to the incumbency and genuineness of the signature of each officer of such Credit Party executing Loan Documents to which it is a party and certifying that attached thereto is a true, correct and complete copy of (i) the articles or certificate of incorporation or formation (or equivalent), as applicable, of such Credit Party and all amendments thereto, certified as of a recent date by the appropriate Governmental Authority in its jurisdiction of incorporation, organization or formation (or equivalent), as applicable, (ii) the bylaws or other governing document of such Credit Party as in effect on the Closing Date, (iii) resolutions duly adopted by the board of directors (or other governing body) of such Credit Party authorizing and approving the transactions contemplated hereunder and the execution, delivery and performance of this Agreement and the other Loan Documents to which it is a party, and (iv) certificates as of a recent date of the good standing of such Credit Party under the laws of its jurisdiction of organization (or equivalent);

(d) opinions of counsel to the Credit Parties addressed to the Lender with respect to the Credit Parties, the Loan Documents and such other matters as the Lender shall request (which such opinions shall expressly permit reliance by permitted successors and assigns of the Lender);

(e) all filings and recordations that are necessary to perfect the security in the Collateral and evidence (including lien searches) that upon such filings and recordations such security interests constitute valid and perfected first priority Liens thereon (subject to Permitted Liens);

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(f) payment of all reasonable costs and expenses (including legal fees and expenses) incurred by the Lender in connection with the transactions contemplated by this Agreement;

(g) evidence of property, business interruption and liability insurance covering each Credit Party, evidence of payment of all insurance premiums for the current policy year of each policy (with appropriate endorsements naming the Lender as lender's loss payee on all policies for property hazard insurance and as additional insured on all policies for liability insurance), and if requested by the Lender, copies of such insurance policies; and

(h) such other documents, certificates and instruments reasonably requested by the Lender with respect to the transactions contemplated by this Agreement.

**SECTION 4.2 Conditions to All Extensions of Credit.** The obligation of the Lender to make any Revolving Credit Loans (including the initial Revolving Credit Loans) or to issue or extend any Letter of Credit is subject to the satisfaction of the following conditions precedent on the relevant borrowing, issuance or extension date:

(a) The representations and warranties contained in this Agreement and the other Loan Documents shall be true and correct on and as of the date of such borrowing, issuance or extension.

(b) No Default or Event of Default shall have occurred and be continuing on or after giving effect to such borrowing, issuance or extension.

(c) Except with respect to the Sweep Arrangement as provided in Section 2.2(a), the Lender shall have received a Notice of Borrowing or Letter of Credit Agreement, as applicable.

Each Notice of Borrower or request for issuance or extension of a Letter of Credit shall constitute a representation and warranty by the Borrowers that the conditions contained in Section 4.2(a) and (b) have been satisfied. Lender may require a duly completed Compliance Certificate as a condition to making an Advance.

## ARTICLE V

### REPRESENTATIONS AND WARRANTIES OF THE CREDIT PARTIES

To induce the Lender to enter into this Agreement and to make Revolving Credit Loans and issue Letters of Credit, the Borrower hereby represents and warrants, on behalf of itself and its Subsidiaries, to the Lender both before and after giving effect to the transactions contemplated hereunder, which representations and warranties shall be deemed made on the Closing Date and as otherwise set forth in Section 4.2, that:

**SECTION 5.1 Organization; Power; Qualification.** The Borrower and each Subsidiary thereof (a) is duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation or formation, (b) has the power and authority to own its Properties and to carry on its business as now being and hereafter proposed to be conducted and (c) is duly qualified and authorized to do business in each jurisdiction in which the character of its Properties or the nature of its business requires such qualification and authorization except in jurisdictions where the failure to be so qualified or in good standing could not reasonably be expected to result in a Material Adverse Effect.

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**SECTION 5.2 Ownership.** Schedule 5.2 lists the legal name, jurisdiction of organization, capitalization (including the number of shares, authorized, issued and outstanding, of such classes and series, with or without par value) of each Subsidiary of the Borrower as of the Closing Date. As of the Closing Date, there are no outstanding stock purchase warrants, subscriptions, options, securities, instruments or other rights of any type or nature whatsoever, which are convertible into, exchangeable for or otherwise provide for or require the issuance of Equity Interests of any Subsidiary of the Borrower, except as described on Schedule 5.2.

**SECTION 5.3 Authorization; Enforceability.** Each Credit Party has the right, power and authority and has taken all necessary corporate and other action to authorize the execution, delivery and performance of each of the Loan Documents to which it is a party in accordance with their respective terms. Each of the other Loan Documents have been duly executed and delivered by the duly authorized officers of each Credit Party that is a party thereto, and each such document constitutes the legal, valid and binding obligation of each Credit Party that is a party thereto, enforceable in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar state or federal Debtor Relief Laws from time to time in effect which affect the enforcement of creditors' rights in general and the availability of equitable remedies.

**SECTION 5.4 Compliance of Agreement, Loan Documents and Borrowing with Laws, Etc.** The execution, delivery and performance by each Credit Party of the Loan Documents to which each such Person is a party, in accordance with their respective terms, the Revolving Credit Loans hereunder and the transactions contemplated hereby or thereby do not and will not, by the passage of time, the giving of notice or otherwise, (a) require any Governmental Approval or violate any Applicable Law relating to any Credit Party, (b) conflict with, result in a breach of or constitute a default under the articles of incorporation, bylaws or other organizational documents of any Credit Party, (c) conflict with, result in a breach of or constitute a default under any indenture, agreement or other instrument to which such Person is a party or by which any of its properties may be bound or any Governmental Approval relating to such Person, (d) result in or require the creation or imposition of any Lien upon or with respect to any property now owned or hereafter acquired by such Person other than Permitted Liens or (e) require any consent or authorization of, filing with, or other act in respect of, an arbitrator or Governmental Authority and no consent of any other Person is required in connection with the execution, delivery, performance, validity or enforceability of this Agreement other than (i) consents, authorizations, filings or other acts or consents for which the failure to obtain or make could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect and (ii) consents or filings under the UCC.

**SECTION 5.5 Compliance with Law, Governmental Approvals**. The Borrower and each Subsidiary thereof (a) has all Governmental Approvals required by any Applicable Law for it to conduct its business, each of which is in full force and effect, (b) is in compliance with each Governmental Approval applicable to it and in compliance with all other Applicable Laws relating to it or any of its respective properties, except in each case of clauses (a) and (b) where the failure to have or comply could not reasonably be expected to have a Material Adverse Effect.

**SECTION 5.6 Taxes**. Each Borrower and each Subsidiary thereof has filed all United States federal tax returns and all other tax returns required to be filed and have paid all taxes due pursuant to said returns or pursuant to any assessment received by the Borrower or its Subsidiaries except such taxes, if any, as are being contested in good faith and as to which, in the good faith judgment of the Borrower, adequate reserves have been provided and except for those returns with respect to which the failure to file would have no Material Adverse Effect. The charges, accruals and reserves on the books of the Borrower and its Subsidiaries with respect to any taxes or other governmental charges are adequate in the good faith judgment of the Borrower.

**SECTION 5.7 Intellectual Property Matters**. The Borrower and each Subsidiary thereof owns or possesses rights to use all material franchises, licenses, copyrights, copyright applications, patents, patent rights or licenses, patent applications, trademarks, trademark rights, service mark, service mark rights, trade names, trade name rights, copyrights and other rights with respect to the foregoing which are reasonably necessary to conduct its business.

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**SECTION 5.8 Environmental Matters**. The Borrower and its Subsidiaries are in compliance in all material respects with all applicable Environmental Laws. There has been no release, or to its knowledge, threat of release, of Hazardous Materials at or from properties owned, leased or operated by any Credit Party or any Subsidiary, now or in the past, in violation of or in amounts or in a manner that could give rise to liability under applicable Environmental Laws that could reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect. Neither the Borrower nor any of its Subsidiaries has received notice of any claim with respect to any material Environmental Liability.

**SECTION 5.9 Employee Benefit Matters**. The Borrower and each ERISA Affiliate is in compliance in all material respects with all applicable provisions of the ERISA. No liability has been incurred by the Borrower or any ERISA Affiliate which remains unsatisfied for any taxes or penalties assessed with respect to any Employee Benefit Plan or any Multiemployer Plan except for a liability that could not reasonably be expected to have a Material Adverse Effect. Neither the Borrower nor any ERISA Affiliate is required to contribute to or has ever had a liability to a Multiemployer Plan.

**SECTION 5.10 Margin Stock**. No Credit Party nor any Subsidiary thereof is engaged principally or as one of its activities in the business of extending credit for the purpose of "purchasing" or "carrying" any "margin stock" (as each such term is defined or used, directly or indirectly, in Regulation U of the Board of Governors of the Federal Reserve System). No part of the proceeds of any of the Loans or Letters of Credit will be used for purchasing or carrying margin stock or for any purpose which violates, or which would be inconsistent with, the provisions of Regulation T, U or X of such Board of Governors.

**SECTION 5.11 Investment Company Act, Etc.** No Credit Party nor any Subsidiary thereof is an "investment company" or a company "controlled" by an "investment company" (as each such term is defined or used in the Investment Company Act) and no Credit Party nor any Subsidiary thereof is, or after giving effect to any Extension of Credit will be, subject to regulation under the Interstate Commerce Act, or any other Applicable Law which limits its ability to incur or consummate the transactions contemplated hereby.

**SECTION 5.12 Employee Relations**. The Borrower knows of no pending, threatened or contemplated strikes, work stoppage or other collective labor disputes involving its employees or those of its Subsidiaries that, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect.

**SECTION 5.13 Financial Statements**. The audited financial statements for the periods ended December 31, 2013, December 31, 2014 and December 31, 2015, the unaudited financial statements for the periods ended March 31, 2016, June 30, 2016 and September 30, 2016 and all financial and other information supplied to the Lender after the Closing Date pursuant to Section 6.1(a) and (b), in each case have been prepared in accordance with GAAP, are complete and correct, in all material respects, and fairly present on a Consolidated basis the assets, liabilities and financial position of the Borrower and its Subsidiaries as at such dates, and the results of the operations and changes of financial position for the periods then ended (other than customary year-end adjustments for unaudited financial statements and the absence of footnotes from unaudited financial statements). Such financial statements show all material indebtedness and other material liabilities, direct or contingent, of the Borrower and its Subsidiaries as of the date thereof, including material liabilities for taxes, material commitments, and Indebtedness, in each case, to the extent required to be disclosed under GAAP.

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**SECTION 5.14 No Material Adverse Effect**. Since December 31, 2019, there has been no change in the business, property, financial condition or results of operations of the Borrower and its Subsidiaries that could reasonably be expected to have a Material Adverse Effect.

**SECTION 5.15 Solvency**. The Borrower and its Subsidiaries, on a Consolidated basis, are Solvent.

**SECTION 5.16 Title to Properties**. Each Credit Party and each Subsidiary thereof has such title to the real property owned or leased by it as is necessary or desirable to the conduct of its business and valid and legal title to all of its personal property and assets, except those which have been

disposed of by the Credit Parties and their Subsidiaries subsequent to such date which dispositions have been in the ordinary course of business or as otherwise expressly permitted hereunder.

**SECTION 5.17 Litigation.** There are no actions, suits or proceedings pending nor, to its knowledge, threatened against or in any other way relating adversely to or affecting the Borrower or any Subsidiary thereof or any of their respective properties in any court or before any arbitrator of any kind or before or by any Governmental Authority that could reasonably be expected to have a Material Adverse Effect.

**SECTION 5.18 Anti-Corruption Laws; Anti-Money Laundering Laws and Sanctions.**

(a) None of the Borrower, any Subsidiary, any of their respective directors, officers, or, to the knowledge of the Borrower or such Subsidiary, any of their respective employees or Affiliates, or to the knowledge of the Borrower, any agent or representative of the Borrower or any Subsidiary that will act in any capacity in connection with or benefit from the Revolving Credit Facility, (i) is a Sanctioned Person or currently the subject or target of any Sanctions, (ii) is controlled by or is acting on behalf of a Sanctioned Person, (iii) has its assets located in a Sanctioned Country, (iv) is under administrative, civil or criminal investigation for an alleged violation of, or received notice from or made a voluntary disclosure to any governmental entity regarding a possible violation of, Anti-Corruption Laws, Anti-Money Laundering Laws or Sanctions by a governmental authority that enforces Sanctions or any Anti-Corruption Laws or Anti-Money Laundering Laws, or (v) directly or, to the knowledge of the Borrower, indirectly derives revenues from investments in, or transactions with, Sanctioned Persons.

(b) Each of the Borrower and its Subsidiaries has implemented and maintains in effect policies and procedures designed to ensure compliance by the Borrower and its Subsidiaries and their respective directors, officers, employees, agents and Affiliates with all Anti-Corruption Laws, Anti-Money Laundering Laws and applicable Sanctions.

**SECTION 5.19 Absence of Defaults.** No Default or an Event of Default has occurred or is continuing.

**SECTION 5.20 Disclosure.** No financial statement, material report, material certificate or other material information furnished (whether in writing or orally) by or on behalf of any Credit Party or any Subsidiary thereof to the Lender in connection with the transactions contemplated hereby and the negotiation of this Agreement or delivered hereunder (as modified or supplemented by other information so furnished), taken together as a whole, contains any untrue statement of a material 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, pro forma financial information, estimated financial information and other projected or estimated information, such information was prepared in good faith based upon assumptions believed to be reasonable at the time (it being recognized that projections are not to be viewed as facts and that the actual results during the period or periods covered by such projections may vary from such projections).

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**ARTICLE VI**

**AFFIRMATIVE COVENANTS**

Until all of the Obligations (other than contingent indemnification obligations not then due) have been paid and satisfied in full in cash, all Letters of Credit have been terminated or expired (or been Cash Collateralized) and the Revolving Credit Commitments terminated, the Borrower will, and will cause each of its Subsidiaries to:

**SECTION 6.1 Financial Statements and Budgets.** Deliver to the Lender, in form and detail satisfactory to the Lender:

(a) Annual Financial Statements. As soon as practicable and in any event within one hundred twenty (120) days (or, if earlier, on the date of any required public filing thereof) after the end of each Fiscal Year, an audited Consolidated balance sheet of the Borrower and its Subsidiaries as of the close of such Fiscal Year and audited Consolidated statements of income, retained earnings and cash flows including the notes thereto, all in reasonable detail setting forth in comparative form the corresponding figures as of the end of and for the preceding Fiscal Year and prepared in accordance with GAAP and, if applicable, containing disclosure of the effect on the financial position or results of operations of any change in the application of accounting principles and practices during the year. Such annual financial statements shall be audited by an independent certified public accounting firm of recognized national standing acceptable to the Lender, and accompanied by a report and opinion thereon by such certified public accountants prepared in accordance with generally accepted auditing standards that is not subject to any "going concern" or similar qualification or exception or any qualification as to the scope of such audit or with respect to accounting principles followed by the Borrower or any of its Subsidiaries not in accordance with GAAP.

(b) Quarterly Financial Statements. As soon as practicable and in any event within sixty (60) days (or, if earlier, on the date of any required public filing thereof) after the end of the first three fiscal quarters of each Fiscal Year, an unaudited Consolidated balance sheet of the Borrower and its Subsidiaries as of the close of such fiscal quarter and unaudited Consolidated statements of income, retained earnings and cash flows and a report containing management's discussion and analysis of such financial statements for the fiscal quarter then ended and that portion of the Fiscal Year then ended, including the notes thereto, all in reasonable detail setting forth in comparative form the corresponding figures as of the end of and for the corresponding period in the preceding Fiscal Year and prepared by the Borrower in accordance with GAAP and, if applicable, containing disclosure of the effect on the financial position or results of operations of any change in the application of accounting principles and practices during the period, and certified by the chief financial officer of the Borrower to present fairly in all material respects the financial condition of the Borrower and its Subsidiaries on a Consolidated basis as of their respective dates and the results of operations of the Borrower and its Subsidiaries for the respective periods then ended, subject to normal year-end adjustments and the absence of footnotes.

(c) **Annual Business Plan and Budget.** As soon as practicable and in any event within one hundred and five (105) days after the end of each Fiscal Year, if the aggregate Revolving Credit Outstandings as the last day of such Fiscal Year exceeded \$37,500,000, a business plan and operating and capital budget of the Borrower and its Subsidiaries for the ensuing four (4) fiscal quarters, such plan to be prepared in accordance with GAAP and to include, on a quarterly basis, the following: a quarterly operating and capital budget, a projected income statement, statement of cash flows and balance sheet, calculations demonstrating projected compliance with the financial covenants set forth in [Section 7.13](#), accompanied by a certificate from a Responsible Officer of the Borrower to the effect that such budget contains good faith estimates (utilizing assumptions believed to be reasonable at the time of delivery of such budget) of the financial condition and operations of the Borrower and its Subsidiaries for such period.

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**SECTION 6.2 Certificates; Other Reports.** Deliver to the Lender:

(a) at each time financial statements are delivered pursuant to [Sections 6.1\(a\) or \(b\)](#), and at such other times as the Lender shall reasonably request, a duly completed Compliance Certificate signed by the chief executive officer, chief financial officer, treasurer or controller of the Borrower together with any report, if any, that was prepared in conjunction with such financial statements, containing management's discussion and analysis of such financial statements;

(b) 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 Exchange Act, or with any national securities exchange, and in any case not otherwise required to be delivered to the Lender pursuant hereto;

(c) promptly, and in any event within five (5) Business Days after receipt thereof by any Credit Party or any Subsidiary thereof, copies of each notice or other correspondence received from the SEC (or comparable agency in any applicable non-U.S. jurisdiction) concerning any investigation or possible investigation or other inquiry by such agency regarding financial or other operational results of any Credit Party or any Subsidiary thereof;

(d) promptly upon the request thereof, such other information and documentation required by bank regulatory authorities under applicable Anti-Money Laundering Laws (including, without limitation, any applicable "know your customer" rules and regulations and the PATRIOT Act), as from time to time reasonably requested by the Lender; and

(e) such other information regarding the operations, business affairs and financial condition of any Credit Party or any Subsidiary thereof as the Lender may reasonably request.

Documents required to be delivered pursuant to [Section 6.1\(a\) or \(b\)](#) or [Section 6.2\(b\)](#) (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 on which the Borrower posts such documents, or provides a link thereto on the Borrower's website; provided that the Borrower shall deliver paper copies of such documents to the Lender if it requests the Borrower to deliver such paper copies until a written request to cease delivering paper copies is given by the Lender.

**SECTION 6.3 Notice of Litigation and Other Matters.** Promptly (but in no event later than ten (10) days after any Responsible Officer of any Credit Party obtains knowledge thereof) notify the Lender in writing of: (a) the occurrence of any Default or Event of Default and of any other development, financial or otherwise, that could reasonably be expected to have a Material Adverse Effect, (b) the receipt of any notice from any Governmental Authority of the expiration without renewal, revocation or suspension of, or the institution of any proceedings to revoke or suspend, any license now or hereafter held by the Borrower or any Subsidiary member which is required to conduct business in compliance with all applicable laws and regulations, other than such expiration, revocation or suspension that, individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect, (c) the receipt of any notice from any Governmental Authority of the institution of any disciplinary proceedings against or with respect to the Borrower or any Subsidiary or the issuance of any order, the taking of any action or any request for an extraordinary audit for cause by any Governmental Authority which, if adversely determined, could reasonably be expected to have a Material Adverse Effect or (d) any judicial or administrative order limiting or controlling the business of the Borrower or any Subsidiary which has been issued or adopted and which could reasonably be expected to have a Material Adverse Effect.

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**SECTION 6.4 Preservation of Corporate Existence and Related Matters.** Except as permitted by [Section 7.4](#), preserve and maintain its separate corporate existence or equivalent form and all rights, franchises, licenses and privileges necessary to the conduct of its business, and qualify and remain qualified as a foreign corporation or other entity and authorized to do business in each jurisdiction in which the failure to so qualify could reasonably be expected to have a Material Adverse Effect.

**SECTION 6.5 Maintenance of Properties.** Do all things reasonably necessary to maintain, preserve, protect and keep its Property in good repair, working order and condition, ordinary wear and tear excepted, and make all reasonably necessary repairs, renewals and replacements for the conduct of its business.

**SECTION 6.6 Insurance.** Maintain insurance with financially sound and reputable insurance companies against at least such risks and in at least such amounts as are customarily maintained by similar businesses and as may be required by Applicable Law and deliver to the Lender upon its

request information in reasonable detail as to the insurance then in effect. All such insurance shall, (a) provide that no cancellation or material modification thereof shall be effective until at least 30 days (or 10 days for non-payment of premiums) after receipt by the Lender of written notice thereof, (b) name the Lender as an additional insured party thereunder and (c) in the case of each casualty insurance policy, name the Lender as lender's loss payee. The Lender agrees that the insurance maintained by the Borrower and its Subsidiaries as of the Closing Date is acceptable.

**SECTION 6.7 Payment of Taxes.** Pay when due all taxes, assessments and governmental charges and levies upon it or its income, profits or Property, except those that are being contested in good faith by appropriate proceedings and with respect to which adequate reserves have been set aside.

**SECTION 6.8 Compliance with Laws and Approvals.** Observe and remain in compliance with all Applicable Laws and maintain in full force and effect all Governmental Approvals, in each case applicable to the conduct of its business except where the failure to do so could not reasonably be expected to have a Material Adverse Effect.

**SECTION 6.9 Compliance with Anti-Corruption Laws; Anti-Money Laundering Laws and Sanctions.** The Borrower will maintain in effect and enforce policies and procedures designed to ensure compliance by the Borrower, its Subsidiaries and their respective directors, officers, employees and agents with all Anti-Corruption Laws, Anti-Money Laundering Laws and applicable Sanctions. The Borrower will notify the Lender that previously received a Beneficial Ownership Certification (or a certification that the Borrower qualifies for an express exclusion to the "legal entity customer" definition under the Beneficial Ownership Regulation) of any change in the information provided in the Beneficial Ownership Certification that would result in a change to the list of beneficial owners identified therein (or, if applicable, the Borrower ceasing to fall within an express exclusion to the definition of "legal entity customer" under the Beneficial Ownership Regulation) and promptly upon the reasonable request of the Lender, provide the Lender any information or documentation requested by it for purposes of complying with the Beneficial Ownership Regulation.

**SECTION 6.10 Compliance with ERISA.** The Borrower and its Subsidiaries shall not (a) terminate, or permit any ERISA Affiliate to terminate, any Employee Benefit Plan so as to result in any material liability to the Borrower or an ERISA Affiliate to the PBGC, (b) permit to exist any occurrence of any Reportable Event (as defined in Title IV of ERISA), or any other event or condition, that presents a material risk of such a termination by the PBGC of any Employee Benefit Plan so as to result in any material liability of the Borrower or any ERISA Affiliate to the PBGC, (c) be an "employer" (as defined in Section 3(5) of ERISA), or permit any ERISA Affiliate to be an "employer," required to contribute to any Multiemployer Plan or (d) fail to comply in any material respect with any laws or regulations applicable to any Employee Benefit Plan.

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**SECTION 6.11 Visits and Inspections.** Permit representatives of the Lender, from time to time upon prior reasonable notice and at such times during normal business hours, to visit and inspect its properties; inspect, audit and make extracts from its books, records and files, including, but not limited to, management letters prepared by independent accountants; and discuss with its principal officers, and its independent accountants, its business, assets, liabilities, financial condition, results of operations and business prospects. Any such visits and inspections conducted during the occurrence of an Event of Default shall be at the expense of the Borrower.

**SECTION 6.12 Additional Subsidiaries and Collateral.** (a) Promptly notify the Lender of the creation or acquisition of any Domestic Subsidiary (including by division) and, within thirty (30) days after such creation or acquisition, cause such Domestic Subsidiary to (i) become a Guarantor by delivering to the Lender a duly executed supplement to the Guaranty Agreement or such other document as the Lender shall deem appropriate for such purpose, (ii) grant a security interest in all Collateral (subject to the exceptions specified in the Collateral Agreement) owned by such Domestic Subsidiary by delivering to the Lender a duly executed supplement to each applicable Security Document or such other document as the Lender shall deem appropriate for such purpose and comply with the terms of each applicable Security Document, (iii) deliver to the Lender such opinions, documents and certificates referred to in Section 4.1 as may be reasonably requested by the Lender, (iv) deliver to the Lender such updated Schedules to the Loan Documents as requested by the Lender with respect to such Domestic Subsidiary, and (v) deliver to the Lender such other documents as may be reasonably requested by the Lender, all in form, content and scope reasonably satisfactory to the Lender, and (b) provide all additional information, documents and certificates, and take such additional action, as required by the Security Documents.

**SECTION 6.13 Landlord Agreements.** At any time any Collateral which equals or exceeds \$1,500,000 in value, as to any one location, is or may, from time to time, be kept with any third party landlord or warehouseman, provide written notice to the Lender and, at the written request of the Lender, use commercially reasonable efforts to provide to the Lender landlord, bailee or collateral access agreements (in form and substance reasonable satisfactory to Lender) with such landlord or warehouseman.

**SECTION 6.14 Use of Proceeds.** The Borrower shall use the proceeds of the Revolving Credit Loans (a) to refinance the Existing Credit Agreement, (b) pay fees, commissions and expenses in connection with this Agreement and (c) for working capital and general corporate purposes of the Borrower and its Subsidiaries, including Permitted Acquisitions. The Borrower will not request any Extension of Credit, and the Borrower shall not use, and shall ensure that its Subsidiaries and its or their respective directors, officers, employees and agents shall not use, the proceeds of any Extension of Credit, directly or indirectly, (i) in furtherance of an offer, payment, promise to pay, or authorization of the payment or giving of money, or anything else of value, to any Person in violation of any Anti-Corruption Laws, (ii) for the purpose of funding, financing or facilitating any activities, business or transaction of or with any Sanctioned Person, or in any Sanctioned Country or (iii) in any manner that would result in the violation of any Sanctions applicable to any party hereto.

**SECTION 6.15 Further Assurances.** Execute any and all further documents, financing statements, agreements and instruments, and take all such further actions (including the filing and recording of financing statements and other documents), which may be required under any Applicable Law, or which the Lender may reasonably request, to effectuate the transactions contemplated by the Loan Documents or to grant, preserve, protect or perfect the Liens created or intended to be created by the Security Documents or the validity or priority of any such Lien, all at the expense of the Credit Parties. The Borrower also agrees to provide to the Lender, from time to time upon the reasonable request by the Lender, evidence reasonably satisfactory to the Lender as to the perfection and priority of the Liens created or intended to be created by the Security Documents.

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## ARTICLE VII NEGATIVE COVENANTS

Until all of the Obligations (other than contingent, indemnification obligations not then due) have been paid and satisfied in full in cash, all Letters of Credit have been terminated or expired (or been Cash Collateralized) and the Revolving Credit Commitments terminated, the Credit Parties will not, and will not permit any of their respective Subsidiaries to:

**SECTION 7.1 Indebtedness.** Create, incur, assume or suffer to exist any Indebtedness except:

(a) the Obligations;

(b) Indebtedness (i) owing under Hedge Agreements entered into in order to manage existing or anticipated interest rate, exchange rate or commodity price risks and not for speculative purposes and (ii) owing under Secured Cash Management Agreements entered into in the ordinary course of business;

(c) Indebtedness existing on the Closing Date and listed on Schedule 7.1, and the renewal, refinancing, extension and replacement (but not the increase in the aggregate principal amount) thereof;

(d) Guarantees with respect to Indebtedness permitted pursuant to subsections (a) through (c) of this Section;

(e) unsecured intercompany Indebtedness (i) owed by any Credit Party to another Credit Party, (ii) owed by any Credit Party to any Non-Guarantor Subsidiary (provided that such Indebtedness shall be subordinated to the Obligations in a manner reasonably satisfactory to the Lender), (iii) owed by any Non-Guarantor Subsidiary to any other Non-Guarantor Subsidiary and (iv) owed by any Non-Guarantor Subsidiary to any Credit Party to the extent permitted pursuant to Section 7.3(a)(vi);

(f) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or other similar instrument drawn against insufficient funds in the ordinary course of business;

(g) Indebtedness under performance bonds, surety bonds, release, appeal and similar bonds, statutory obligations or with respect to workers' compensation claims, in each case incurred in the ordinary course of business, and reimbursement obligations in respect of any of the foregoing;

(h) Indebtedness not otherwise permitted hereunder in an aggregate amount not to exceed \$5,000,000 at any time outstanding; and

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(i) unsecured Indebtedness of the Borrower and its Subsidiaries in an aggregate principal amount not to exceed \$125,000,000 at any time outstanding; provided that in the case of each incurrence of such Indebtedness, (i) no Default or Event of Default shall have occurred and be continuing or would be caused by the incurrence of such Indebtedness, (ii) the Lender shall have received satisfactory written evidence that the Borrower is in proforma compliance with the financial covenants set forth in Section 7.13 after giving effect to the issuance of any such Indebtedness, (iii) such Indebtedness does not mature prior to the date that is 181 days after the Revolving Credit Maturity Date, (iv) such Indebtedness does not require principal amortization in excess of 1% per annum prior to the date that is 181 days after the Revolving Credit Maturity Date, (v) such Indebtedness shall not contain financial maintenance covenants that are more restrictive on the Borrower than those set forth in Section 7.13, (vi) if such Indebtedness is Subordinated Indebtedness, any guaranty by the Credit Parties shall be expressly subordinated to the Obligations on terms materially not less favorable to the Lender than the subordination terms of such Subordinated Indebtedness, (vii) if guaranteed, such Indebtedness is not guaranteed by any Subsidiary that is not a Credit Party and (viii) the terms of such Indebtedness (other than pricing, fees, rate floors, premiums and optional prepayment or redemption provisions (and, if applicable, subordination terms)), taken as a whole, are not materially more restrictive (as determined by Borrower in good faith) on the Borrower and its Subsidiaries than the terms and conditions of this Agreement, taken as a whole.

**SECTION 7.2 Liens.** Create, incur, assume or suffer to exist, any Lien on or with respect to any of its Property, whether now owned or hereafter acquired, except:

(a) Liens created pursuant to the Loan Documents;

(b) Liens in existence on the Closing Date and described on Schedule 7.2, and the replacement, renewal or extension thereof; provided that the scope of any such Lien shall not be increased, or otherwise expanded, to cover any additional property or type of asset, as applicable, beyond that in existence on the Closing Date, except for products and proceeds of the foregoing;

(c) Liens for taxes, assessments and other governmental charges or levies (excluding any Lien imposed pursuant to any of the provisions of ERISA or Environmental Laws) (i) not yet due or as to which the period of grace (not to exceed thirty (30) days), if any, related thereto has not expired or (ii) which are being contested in good faith and by appropriate proceedings if adequate reserves are maintained to the extent required by GAAP;

(d) the claims of materialmen, mechanics, carriers, warehousemen, processors or landlords for labor, materials, supplies or rentals incurred in the ordinary course of business, which (i) are not overdue for a period of more than thirty (30) days, or if more than thirty (30) days overdue, no action has been taken to enforce such Liens and such Liens are being contested in good faith and by appropriate proceedings if adequate reserves are maintained to the extent required by GAAP and (ii) do not, individually or in the aggregate, materially impair the use thereof in the operation of the business of the Borrower or any of its Subsidiaries;

(e) deposits or pledges made in the ordinary course of business in connection with, or to secure payment of, obligations under workers' compensation, unemployment insurance and other types of social security or similar legislation, or to secure the performance of bids, trade contracts and leases (other than Indebtedness), statutory obligations, surety bonds (other than bonds related to judgments or litigation), performance bonds and other obligations of a like nature incurred in the ordinary course of business, in each case, so long as no foreclosure sale or similar proceeding has been commenced with respect to any portion of the Collateral on account thereof;

(f) encumbrances in the nature of zoning restrictions, easements and rights or restrictions of record on the use of real property, which in the aggregate are not substantial in amount and which do not, in any case, detract from the value of such property or impair the use thereof in the ordinary conduct of business;

(g) Liens arising from the filing of precautionary UCC financing statements relating solely to personal property leased pursuant to operating leases entered into in the ordinary course of business of the Borrower and its Subsidiaries;

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(h) Liens securing Capital Lease Obligations and purchase money Indebtedness; provided that (i) such Liens shall be created within one hundred twenty (120) days of the acquisition, repair, construction, improvement or lease, as applicable, of the related Property, (ii) such Liens do not at any time encumber any property other than the Property financed or improved by such Indebtedness, (iii) the amount of Indebtedness secured thereby is not increased and (iv) the principal amount of Indebtedness secured by any such Lien shall at no time exceed one hundred percent (100%) of the original price for the purchase, repair, construction, improvement or lease amount (as applicable) of such Property at the time of purchase, repair, construction, improvement or lease (as applicable);

(i) Liens securing judgments for the payment of money not constituting an Event of Default under Section 8.1(i) or securing appeal or other surety bonds relating to such judgments;

(j) (i) Liens of a collecting bank arising in the ordinary course of business under Section 4-210 of the Uniform Commercial Code in effect in the relevant jurisdiction and (ii) Liens of any depositary bank in connection with statutory, common law and contractual rights of setoff and recoupment with respect to any deposit account of the Borrower or any Subsidiary thereof;

(k) any interest or title of a licensor, sublicensor, lessor or sublessor with respect to any assets under any license or lease agreement entered into in the ordinary course of business which do not (i) interfere in any material respect with the business of the Borrower or its Subsidiaries or materially detract from the value of the relevant assets of the Borrower or its Subsidiaries or (ii) secure any Indebtedness; and

(l) Liens not otherwise permitted hereunder securing Indebtedness or other obligations in the aggregate principal amount not to exceed \$5,000,000 at any time outstanding.

Notwithstanding the foregoing, in no event shall this Section permit any consensual Liens on real property or Intellectual Property of the Borrower or any of its Subsidiaries.

**SECTION 7.3 Investments.** Make any Investment, except:

(a) (i) Investments existing on the Closing Date in Subsidiaries existing on the Closing Date, (ii) Investments existing on the Closing Date (other than Investments in Subsidiaries existing on the Closing Date) and described on Schedule 7.3, (iii) Investments made after the Closing Date by any Credit Party in any other Credit Party, (iv) Investments made after the Closing Date by any Non-Guarantor Subsidiary in any other Non-Guarantor Subsidiary and (v) Investments made after the Closing Date by any Non-Guarantor Subsidiary in any Credit Party;

(b) Investments in cash and Cash Equivalents;

(c) Investments by the Borrower or any of its Subsidiaries consisting of capital expenditures permitted by this Agreement;

(d) deposits made in the ordinary course of business to secure the performance of leases or other obligations as permitted by Section 7.2;

(e) purchases of assets in the ordinary course of business;

(f) Guarantees permitted pursuant to Section 7.1;

(g) extensions of credit by any of the Credit Parties relating to the sale of goods and/or services to customers in the ordinary course of business;

and

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(h) in addition to those items provided above, (i) so long as no Default or Event of Default has occurred and is continuing or would result therefrom, other Investments in an aggregate amount not to exceed \$10,000,000 at any time outstanding (provided, that for purposes of clarification, this \$10,000,000 amount is an addition to and not including those amounts as listed in clauses (a) through (g) above and amounts incurred under clause (h)(ii)), and (ii) additional Investments; provided that, with respect to this clause (ii), (A) no Default or Event of Default has occurred and is

continuing or would result therefrom and (B) at the time of such Investment and after giving proforma effect thereto and any Indebtedness incurred in connection therewith, the Consolidated Total Leverage Ratio is less than or equal to 2.25 to 1.00, such compliance to be determined on the basis of the financial information most recently delivered to the Lender pursuant to Section 6.1(a) or (b).

For purposes of determining the amount of any Investment outstanding for purposes of this Section 7.3, such amount shall be deemed to be the amount of such Investment when made, purchased or acquired (without adjustment for subsequent increases or decreases in the value of such Investment) less any amount realized in respect of such Investment upon the sale, collection or return of capital (not to exceed the original amount invested).

**SECTION 7.4 Fundamental Changes.** Merge, consolidate or enter into any similar combination with (including by division), or enter into any Asset Disposition of all or substantially all of its assets (whether in a single transaction or a series of transactions) with, any other Person or liquidate, wind-up or dissolve itself (or suffer any liquidation or dissolution) except:

(a) (i) any Wholly-Owned Subsidiary of the Borrower may be merged, amalgamated or consolidated with or into the Borrower (provided that the Borrower shall be the continuing or surviving entity) or (ii) any Wholly-Owned Subsidiary of the Borrower may be merged, amalgamated or consolidated with or into any Guarantor (provided that the Guarantor shall be the continuing or surviving entity);

(b) (i) any Non-Guarantor Subsidiary that is a Foreign Subsidiary may be merged, amalgamated or consolidated with or into, or be liquidated into, or may dispose of all or substantially all of its assets (upon voluntary liquidation, dissolution, winding up or otherwise) to, any other Non-Guarantor Subsidiary and (ii) any Non-Guarantor Subsidiary that is a Domestic Subsidiary may be merged, amalgamated or consolidated with or into, or be liquidated into, or may dispose of all or substantially all of its assets (upon voluntary liquidation, dissolution, winding up or otherwise) to, any other Non-Guarantor Subsidiary that is a Domestic Subsidiary;

(c) any Subsidiary may dispose of all or substantially all of its assets (upon voluntary liquidation, dissolution, winding up or otherwise) to the Borrower or any Guarantor; provided that, with respect to any such disposition by any Non-Guarantor Subsidiary, the consideration for such disposition shall not exceed the fair value of such assets;

(d) any Wholly-Owned Subsidiary of the Borrower may merge with or into the Person such Wholly-Owned Subsidiary was formed to acquire in connection with any Permitted Acquisition; provided that in the case of any merger involving a Wholly-Owned Subsidiary that is a Domestic Subsidiary, a Guarantor shall be the continuing or surviving entity; and

(e) Asset Dispositions permitted by Section 7.5 (other than clause (d) thereof).

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**SECTION 7.5 Asset Dispositions.** Make any Asset Disposition except:

(a) the sale of inventory in the ordinary course of business;

(b) the write-off, discount, sale or other disposition of defaulted or past-due receivables and similar obligations in the ordinary course of business and not undertaken as part of an accounts receivable financing transaction;

(c) the sale of obsolete, worn-out or surplus assets no longer used or usable in the business of the Borrower or any of its Subsidiaries;

(d) the transfer by any Credit Party of its assets to any other Credit Party or the transfer of assets to the Borrower or any Guarantor pursuant to any other transaction permitted pursuant to Section 7.4;

(e) the transfer by any Non-Guarantor Subsidiary of its assets to any Credit Party (provided that in connection with any new transfer, such Credit Party shall not pay more than an amount equal to the fair market value of such assets as determined in good faith at the time of such transfer);

(f) the transfer by any Non-Guarantor Subsidiary of its assets to any other Non-Guarantor Subsidiary;

(g) non-exclusive licenses and sublicenses of intellectual property rights in the ordinary course of business not interfering, individually or in the aggregate, in any material respect with the conduct of the business of the Borrower and its Subsidiaries;

(h) leases, subleases, licenses or sublicenses of real or personal property granted by the Borrower or any of its Subsidiaries to others in the ordinary course of business not detracting from the value of such real or personal property or interfering in any material respect with the business of the Borrower or any of its Subsidiaries;

(i) Sale Leaseback Transactions in an aggregate amount not to exceed \$20,000,000 during the term of this Agreement;

(j) the sale and/or exchange of Cash Equivalents;

(k) the sale or exchange of Investments made by the Borrower in joint ventures, limited liability companies, limited partnerships and other types of entities, in which the Borrower holds less than fifty percent (50%) of any ownership interest in such entities; provided that (i) no Default or Event of Default shall exist or would result from such Asset Disposition and (ii) the aggregate fair market value of all property disposed of in reliance on this clause (k) shall not exceed \$15,000,000 in any Fiscal Year; and

(l) Asset Dispositions not otherwise permitted pursuant to this Section; provided that (i) no Default or Event of Default shall exist or would result from such Asset Disposition and (ii) the aggregate fair market value of all property disposed of in reliance on this clause (l) shall not exceed \$5,000,000 in any Fiscal Year.

**SECTION 7.6 Restricted Payments.** Declare or pay any Restricted Payments; provided that:

(a) so long as no Default or Event of Default has occurred and is continuing or would result therefrom, the Borrower or any of its Subsidiaries may pay dividends in shares of its own Equity Interests;

(c) (i) any Non-Guarantor Subsidiary that is a Domestic Subsidiary may make Restricted Payments to any other Non-Guarantor Subsidiary that is a Domestic Subsidiary and (ii) any Non-Guarantor Subsidiary that is a Foreign Subsidiary may make Restricted Payments to any other Non-Guarantor Subsidiary;

(d) the Borrower and its Subsidiaries may make cash payment, in lieu of issuance of fractional shares in connection with the exercise of warrants, options or other securities convertible into or exchangeable for the Equity Interests of the Borrower or a Subsidiary;

(e) so long as no Default or Event of Default has occurred and is continuing, the Borrower and its Subsidiaries may make Restricted Payments pursuant to and in accordance with stock option plans or other benefit plans or similar arrangements for management (including directors and officers) or employees of the Borrower and its Subsidiaries; and

(f) (i) so long as no Default or Event of Default has occurred and is continuing or would result therefrom, the Borrower may declare and make Restricted Payments in aggregate amount in any Fiscal Year (together with all Capital Expenditures made pursuant to Section 7.12(a) during such Fiscal Year) not to exceed \$30,000,000, and (ii) additionally, the Borrower may declare and make other Restricted Payments; provided that as to clause (ii) (A) no Default or Event of Default has occurred and is continuing or would result therefrom and (B) after giving proforma effect to such Restricted Payment and any Indebtedness incurred in connection therewith, the Consolidated Total Leverage Ratio is less than or equal to 2.25 to 1.00, such compliance to be determined on the basis of the financial information most recently delivered to the Lender pursuant to Section 6.1(a) or (b) as though such Restricted Payment had been made as of the last day of the applicable four fiscal quarter period covered thereby.

**SECTION 7.7 Transactions with Affiliates.** Directly or indirectly enter into any transaction, including, without limitation, any purchase, sale, lease or exchange of Property, the rendering of any service or the payment of any management, advisory or similar fees, with (a) any officer, director, holder of any Equity Interests in, or other Affiliate of, the Borrower or any of its Subsidiaries or (b) any Affiliate of any such officer, director or holder, other than (i) transactions permitted by Sections 7.1, 7.3, 7.4, 7.5 and 7.6, (ii) transactions existing on the Closing Date and described on Schedule 7.7, (iii) transactions among Credit Parties not prohibited hereunder, (iv) other transactions in the ordinary course of business on terms as favorable as would be obtained by it on a comparable arm's-length transaction with an independent, unrelated third party as determined in good faith by the board of directors (or equivalent governing body) of the Borrower, (v) employment and severance arrangements (including equity incentive plans and employee benefit plans and arrangements) with their respective officers and employees in the ordinary course of business, (vi) stock repurchases permitted hereunder from officers and/or directors of the Borrower for fair market value and (vii) payment of customary fees and reasonable out of pocket costs to, and indemnities for the benefit of, directors, officers and employees of the Borrower and its Subsidiaries in the ordinary course of business to the extent attributable to the ownership or operation of the Borrower and its Subsidiaries.

**SECTION 7.8 Accounting Changes; Organizational Documents.** Change its Fiscal Year end, make any material change in its accounting treatment and reporting practices except as required or allowed by GAAP or amend, modify or change its articles of incorporation (or corporate charter or other similar organizational documents) or amend, modify or change its bylaws (or other similar documents) in any manner materially adverse to the rights or interests of the Lender.

**SECTION 7.9 Payments and Modifications of Subordinated Indebtedness.**

(a) Amend, modify, waive or supplement (or permit the modification, amendment, waiver or supplement of) any of the terms or provisions of any Subordinated Indebtedness in any respect which would materially and adversely affect the rights or interests of the Lender hereunder or would violate the subordination terms thereof.

(b) Cancel, forgive, make any payment or prepayment on, or redeem or acquire for value (including by way of depositing with any trustee with respect thereto money or securities before due for the purpose of paying when due or at the maturity thereof) any Subordinated Indebtedness to the extent such payment would be prohibited by any subordination provisions applicable thereto.

**SECTION 7.10 No Further Negative Pledges; Restrictive Agreements.** Create or otherwise cause or suffer to exist or become effective any consensual encumbrance or restriction on the ability of any Credit Party or any Subsidiary thereof to (a) create or assume any Lien upon its properties or assets, whether now owned or hereafter acquired, or requiring the grant of any security for such obligation if security is given for some other obligation, (b) pay dividends or make any other distributions to the Borrower or any Subsidiary on its Equity Interests, make loans or advances to any Credit Party or pay any Indebtedness or other obligation owed to any Credit Party or (c) sell, lease or transfer any of its properties or assets to any Credit Party or to guarantee Obligations, except (i) pursuant to the Loan Documents or Applicable Law, (ii) customary restrictions in connection with any Permitted Lien (provided that any such restriction contained therein relates only to the asset or assets subject to such Permitted Lien), (iii) customary restrictions contained in an agreement related to the sale of Property (to the extent such sale is permitted pursuant to Section 7.5) that limit the transfer of such Property pending the consummation of such sale and (iv) customary restrictions in leases, subleases, licenses and sublicenses or asset sale agreements otherwise permitted by this Agreement so long as such restrictions relate only to the assets subject thereto.

**SECTION 7.11 Intentionally Omitted.**

**SECTION 7.12 Capital Expenditures.** Make any Capital Expenditure other than (a) so long as no Default or Event of Default has occurred and is continuing or would result therefrom, Capital Expenditures aggregate amount in any Fiscal Year (together with all Restricted Payments made pursuant to Section 7.6(f)(i) during such Fiscal Year) not to exceed \$30,000,000, and (b) additional Capital Expenditures; provided that, with respect to this clause (b), (i) no Default or Event of Default has occurred and is continuing or would result therefrom and (ii) after giving proforma effect to such Capital Expenditure and any Indebtedness incurred in connection therewith, the Consolidated Total Leverage Ratio is less than or equal to 2.25 to 1.00, such compliance to be determined on the basis of the financial information most recently delivered to the Lender pursuant to Section 6.1(a) or (b) as though such Capital Expenditure had been made as of the last day of the applicable four fiscal quarter period covered thereby.

**SECTION 7.13 Financial Covenants.**

(a) **Consolidated Total Leverage Ratio.** As of the last day of any fiscal quarter, permit the Consolidated Total Leverage Ratio to be greater than 3.50 to 1.00 (subject to clause (e) below).

(b) **Consolidated Senior Secured Leverage Ratio.** As of the last day of any fiscal quarter, permit the Consolidated Senior Secured Leverage Ratio to be greater than 2.50 to 1.00 (subject to clause (e) below).

(c) **Consolidated Fixed Charge Coverage Ratio.** As of the last day of any fiscal quarter, permit the ratio of (i) Consolidated EBIDA for the period of four (4) consecutive fiscal quarters ending on or immediately prior to such date, to (ii) the sum of (A) Consolidated Interest Expense for the period of four (4) consecutive fiscal quarters ending on or immediately prior to such date plus (B) the scheduled installments of principal on all Indebtedness (including Capital Leases) which are due within twelve (12) months of the date of determination (excluding any balloon payments due on the Term Loans at maturity), to be less than 1.75 to 1.00.

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(d) **Consolidated Net Income.** As of the last day of any fiscal quarter, permit Consolidated Net Income for the prior four (4) fiscal quarter period ending on or immediately prior to such date to be less than \$1,000,000.

(e) **Acquisition Adjustment.** Notwithstanding clauses (a) and (b) above, if any Permitted Acquisition with aggregate consideration in excess of \$25,000,000 is consummated in accordance with the terms of this Agreement, then the Borrower may make a one-time election to increase (i) the maximum Consolidated Total Leverage Ratio permitted under clause (a) above to 3.75 to 1.00 and (ii) the maximum Senior Secured Net Leverage Ratio permitted under clause (b) above to 2.75 to 1.00, in each case for the quarter in which such Permitted Acquisition is consummated and the three consecutive fiscal quarters following such quarter; it being understood that, at the end of such four fiscal quarter period and thereafter, (x) the maximum Consolidated Total Leverage Ratio permitted under clause (a) above shall revert to 3.50 to 1.00 and (y) the maximum Consolidated Senior Secured Leverage Ratio permitted under clause (b) above shall revert to 2.50 to 1.00.

**SECTION 7.14 Disposal of Subsidiary Interests.** Permit any Domestic Subsidiary to be a non-Wholly-Owned Subsidiary except as a result of or in connection with a dissolution, merger, amalgamation, consolidation or disposition permitted by Section 7.4.

**ARTICLE VIII**

**DEFAULT AND REMEDIES**

**SECTION 8.1 Events of Default.** Each of the following shall constitute an Event of Default:

(a) Nonpayment of principal of any Loan or Reimbursement Obligation when and as due or nonpayment of interest on any Loan or Reimbursement Obligation or the payment of any other Obligation, and such default shall continue for a period of ten (10) days.

(b) Any representation, warranty, certification or statement of fact made or deemed made by or on behalf of the Borrower or any Subsidiary thereof in this Agreement, in any other Loan Document, or in any document delivered in connection herewith or therewith that is subject to materiality or Material Adverse Effect qualifications, shall be incorrect or misleading in any respect when made or deemed made or any representation, warranty, certification or statement of fact made or deemed made by or on behalf of the Borrower or any Subsidiary thereof in this Agreement, any other Loan Document, or in any document delivered in connection herewith or therewith that is not subject to materiality or Material Adverse Effect qualifications, shall be incorrect or misleading in any material respect when made or deemed made.

(c) The Borrower or any Subsidiary thereof shall default in the performance or observance of any covenant or agreement contained in Sections 6.1, 6.2, 6.3, 6.4, 6.11, 6.12, or 6.14 or Article VII.

(d) The Borrower or any Subsidiary shall default in the performance or observance of any term, covenant, condition or agreement contained in this Agreement (other than as specifically provided for in this Section) or any other Loan Document and such default shall continue for a period of thirty (30) days after the earlier of (i) the Lender's delivery of written notice thereof to the Borrower and (ii) a Responsible Officer of the Borrower or any Subsidiary having obtained knowledge thereof.

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(e) The Borrower or any Subsidiary shall (i) default in the payment of any Indebtedness (other than the Loans or any Reimbursement Obligation) the aggregate principal amount (including undrawn committed or available amounts), or with respect to any Hedge Agreement, the Hedge Termination Value, of which is in excess of \$1,000,000 beyond the period of grace if any, provided in the instrument or agreement under which such Indebtedness was created, or (ii) default in the observance or performance of any other agreement or condition relating to any Indebtedness (other

than the Loans or any Reimbursement Obligation) the aggregate principal amount (including undrawn committed or available amounts), or with respect to any Hedge Agreement, the Hedge Termination Value, of which is in excess of \$1,000,000 or contained in any instrument or agreement evidencing, securing or relating thereto or any other event shall occur or condition exist, the effect of which default or other event or condition is to cause, or to permit the holder or holders of such Indebtedness (or a trustee or agent on behalf of such holder or holders) to cause, with the giving of notice and/or lapse of time, if required, any such Indebtedness to (A) 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 (any applicable grace period having expired) or (B) be cash collateralized.

(f) The Borrower or any Subsidiary shall (i) commence a voluntary case under any Debtor Relief Laws, (ii) file a petition seeking to take advantage of any Debtor Relief Laws, (iii) consent to or fail to contest in a timely and appropriate manner any petition filed against it in an involuntary case under any Debtor Relief Laws, (iv) apply for or consent to, or fail to contest in a timely and appropriate manner, the appointment of, or the taking of possession by, a receiver, custodian, trustee, or liquidator of itself or of a substantial part of its property, domestic or foreign, (v) admit in writing its inability to pay its debts as they become due, (vi) make a general assignment for the benefit of creditors, or (vii) take any corporate action for the purpose of authorizing any of the foregoing.

(g) A case or other proceeding shall be commenced against the Borrower or any Subsidiary in any court of competent jurisdiction seeking (i) relief under any Debtor Relief Laws, or (ii) the appointment of a trustee, receiver, custodian, liquidator or the like for the Borrower or any Subsidiary or for all or any substantial part of their respective assets, domestic or foreign, and such case or proceeding shall continue without dismissal or stay for a period of sixty (60) consecutive days, or an order granting the relief requested in such case or proceeding (including, but not limited to, an order for relief under such federal bankruptcy laws) shall be entered.

(h) Any ERISA Event shall have occurred.

(i) One or more judgments, orders or decrees shall be entered against the Borrower or any Subsidiary by any court and continues without having been discharged, vacated or stayed for a period of thirty (30) consecutive days after the entry thereof and such judgments, orders or decrees are either (i) for the payment of money, individually or in the aggregate (not paid or fully covered by insurance as to which the relevant insurance company has acknowledged coverage), equal to or in excess of \$1,000,000 or (ii) for injunctive relief and could reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect.

(j) Any Change in Control shall occur.

(k) Any provision of this Agreement or any provision of any other Loan Document shall for any reason cease to be valid and binding on the Borrower or any Subsidiary party thereto or any such Person shall so state in writing, or any Loan Document shall for any reason cease to create a valid and perfected first priority Lien (subject to Permitted Liens) on, or security interest in, any of the Collateral purported to be covered thereby, in each case other than in accordance with the express terms hereof or thereof.

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**SECTION 8.2 Remedies.** Upon the occurrence and during the continuance of an Event of Default, the Lender may (a) terminate the Revolving Credit Commitment and declare the principal of and interest on the Loans and the Reimbursement Obligations at the time outstanding, and all other Obligations to be forthwith due and payable, whereupon the same shall immediately become due and payable without presentment, demand, protest or other notice of any kind, all of which are expressly waived by the Borrower, anything in this Agreement or the other Loan Documents to the contrary notwithstanding, and terminate the Revolving Credit Facility and any right of the Borrower to request borrowings or Letters of Credit thereunder; provided, that upon the occurrence of an Event of Default specified in Section 8.1(f) or (g), the Revolving Credit Facility shall be automatically terminated and all Obligations shall automatically become due and payable without presentment, demand, protest or other notice of any kind, all of which are expressly waived by the Borrower, anything in this Agreement or in any other Loan Document to the contrary notwithstanding, (b) with respect to all Letters of Credit with respect to which presentment for honor shall not have occurred at the time of an acceleration pursuant to the preceding paragraph, demand that the Borrower deposit in a Cash Collateral account opened by the Lender an amount equal to 105% of the aggregate then undrawn and unexpired amount of such Letters of Credit. Amounts held in such Cash Collateral account shall be applied by the Lender to the payment of drafts drawn under such Letters of Credit, and the unused portion thereof after all such Letters of Credit shall have expired or been fully drawn upon, if any, shall be applied to repay the other Secured Obligations and (c) exercise all of its other rights and remedies under this Agreement, the other Loan Documents and Applicable Law, in order to satisfy all of the Secured Obligations.

**SECTION 8.3 Rights and Remedies Cumulative; Non-Waiver; Etc.** The enumeration of the rights and remedies of the Lender set forth in this Agreement is not intended to be exhaustive and the exercise by the Lender of any right or remedy shall not preclude the exercise of any other rights or remedies, all of which shall be cumulative, and shall be in addition to any other right or remedy given hereunder or under the other Loan Documents or that may now or hereafter exist at law or in equity or by suit or otherwise. No delay or failure to take action on the part of the Lender in exercising any right, power or privilege shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, power or privilege preclude any other or further exercise thereof or the exercise of any other right, power or privilege or shall be construed to be a waiver of any Event of Default. No course of dealing between the Borrower and the Lender or its agents or employees shall be effective to change, modify or discharge any provision of this Agreement or any of the other Loan Documents or to constitute a waiver of any Event of Default.

**SECTION 8.4 Application of Payments and Proceeds.** In the event that the Obligations have been accelerated pursuant to Section 8.2 or the Lender has exercised any remedy set forth in this Agreement or any other Loan Document, all payments received on account of the Secured Obligations and all net proceeds from the enforcement of the Secured Obligations shall be applied to the Secured Obligations in such order as determined by the Lender, with the balance, if any, after all of the Secured Obligations have been indefeasibly paid in full, paid to the Borrower or as otherwise required by Applicable Law.

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**ARTICLE IX**  
**MISCELLANEOUS**

**SECTION 9.1 Notices.** Except in the case of notices and other communications expressly permitted to be given by telephone (and except as provided in paragraph (b) below), all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by facsimile as follows:

If to the Borrower:

Atrion Corporation

One Allentown Parkway

Allen, TX 75002

Attention of: Jeffery Strickland

Telephone No.: 972-332-6212

Facsimile No.: 972-396-7581

With copies to:

Halkey-Roberts Corporation

2700 Halkey-Roberts Place North

St. Petersburg, FL 33716-4103

Attention of: David Battat

Telephone No.: 727-471-4343

Facsimile No.: 727-471-4357

If to the Lender:

Wells Fargo Bank, National Association

MAC T9110-020

4975 Preston Park Blvd, Suite 280

Plano, TX 75093

Attention of: Jason Ford, Senior Vice President, Relationship Manager

Telephone No.: 972-599-5334

Facsimile No.: 972-867-5674

Notices sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received; notices sent by facsimile 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).

**SECTION 9.2 Amendments, Waivers and Consents.** Any term, covenant, agreement or condition of this Agreement or any of the other Loan Documents may be amended or waived with the prior written consent of the Lender and the Borrower.

**SECTION 9.3 Expenses; Indemnity.**

(a) The Borrower and any other Credit Party, jointly and severally, shall pay (i) all reasonable out of pocket expenses incurred by the Lender and its Affiliates (including the reasonable fees, charges and disbursements of counsel for the Lender), in connection with 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 Lender in connection with the issuance, amendment, renewal or extension of any Letter of Credit or any demand for payment thereunder and (iii) all out of pocket expenses incurred by the Lender (including the fees, charges and disbursements of any counsel for the Lender), in connection with the enforcement or protection of its rights (A) in connection with this Agreement and the other Loan Documents, including its rights under this Section, or (B) in connection with the Loans made or Letters of Credit issued hereunder, including all such out of pocket expenses incurred during any workout, restructuring or negotiations in respect of such Loans or Letters of Credit, in any arbitration proceeding or otherwise.

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(b) THE BORROWER SHALL INDEMNIFY THE LENDER (AND ANY SUB-AGENT THEREOF) AND EACH RELATED PARTY OF ANY OF THE FOREGOING PERSONS (EACH SUCH PERSON BEING CALLED AN "INDEMNITEE") AGAINST, AND HOLD EACH INDEMNITEE HARMLESS FROM, AND SHALL PAY OR

REIMBURSE ANY SUCH INDEMNITEE FOR, ANY AND ALL LOSSES, CLAIMS (INCLUDING, WITHOUT LIMITATION, ANY ENVIRONMENTAL CLAIMS), PENALTIES, DAMAGES, LIABILITIES AND RELATED EXPENSES (INCLUDING THE FEES, CHARGES AND DISBURSEMENTS OF ANY COUNSEL FOR ANY INDEMNITEE), INCURRED BY ANY INDEMNITEE OR ASSERTED AGAINST ANY INDEMNITEE BY ANY PERSON (INCLUDING THE BORROWER OR ANY OTHER CREDIT 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, (ii) ANY LOAN OR LETTER OF CREDIT OR THE USE OR PROPOSED USE OF THE PROCEEDS THEREFROM (INCLUDING ANY REFUSAL BY THE LENDER TO HONOR A DEMAND FOR PAYMENT UNDER A LETTER OF CREDIT IF THE DOCUMENTS PRESENTED IN CONNECTION WITH SUCH DEMAND DO NOT STRICTLY COMPLY WITH THE TERMS OF SUCH LETTER OF CREDIT), (iii) ANY ACTUAL OR ALLEGED PRESENCE OR RELEASE OF HAZARDOUS MATERIALS ON OR FROM ANY PROPERTY OWNED OR OPERATED BY ANY CREDIT PARTY OR ANY SUBSIDIARY THEREOF, OR ANY ENVIRONMENTAL CLAIM RELATED IN ANY WAY TO ANY CREDIT PARTY OR ANY SUBSIDIARY, (iv) ANY ACTUAL OR PROSPECTIVE CLAIM, LITIGATION, ARBITRATION, 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 ANY CREDIT PARTY OR ANY SUBSIDIARY THEREOF, AND REGARDLESS OF WHETHER ANY INDEMNITEE IS A PARTY THERETO, OR (v) ANY CLAIM (INCLUDING, WITHOUT LIMITATION, ANY ENVIRONMENTAL CLAIMS), INVESTIGATION, LITIGATION, ARBITRATION OR OTHER PROCEEDING (WHETHER OR NOT THE LENDER IS A PARTY THERETO) AND THE PROSECUTION AND DEFENSE THEREOF, ARISING OUT OF OR IN ANY WAY CONNECTED WITH THE LOANS, THIS AGREEMENT, ANY OTHER LOAN DOCUMENT, OR ANY DOCUMENTS CONTEMPLATED BY OR REFERRED TO HEREIN OR THEREIN OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY, INCLUDING WITHOUT LIMITATION, REASONABLE ATTORNEYS AND CONSULTANTS FEES, 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 NONAPPEALABLE JUDGMENT TO HAVE RESULTED FROM THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF SUCH INDEMNITEE.

(c) To the fullest extent permitted by Applicable Law, the Borrower and each other Credit Party shall not assert, and hereby waives, 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 by it 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 except for such damages arising from the gross negligence or willful misconduct of such Indemnitee as determined by a court of competent jurisdiction by final and nonappealable judgment. All amounts due under this Section shall be payable promptly after demand therefor. Each party's obligations under this Section shall survive the termination of the Loan Documents and payment of the obligations hereunder.

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(d) THE BORROWER AND THE LENDER EXPRESSLY INTEND THAT THE FOREGOING INDEMNITY SHALL COVER, AND THAT THE BORROWER SHALL INDEMNIFY AND HOLD THE INDEMNITEES HARMLESS FROM AND AGAINST, COSTS, EXPENSES AND LOSSES SUFFERED AS A RESULT OF THE NEGLIGENCE OF ANY INDEMNITEE (OTHER THAN GROSS NEGLIGENCE OR WILLFUL MISCONDUCT).

**SECTION 9.4 Right of Setoff.** If an Event of Default shall have occurred and be continuing, the Lender is hereby authorized at any time and from time to time, to the fullest extent permitted by Applicable Law, to setoff 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 the Lender to or for the credit or the account of the Borrower or any other Credit Party against any and all of the obligations of the Borrower or such Credit Party now or hereafter existing under this Agreement or any other Loan Document to the Lender, irrespective of whether or not the Lender shall have made any demand under this Agreement or any other Loan Document and although such obligations of the Borrower or such Credit Party may be contingent or unmatured or are owed to a branch or office of the Lender different from the branch, office or Affiliate holding such deposit or obligated on such indebtedness.

**SECTION 9.5 Governing Law, Jurisdiction, Etc.** This Agreement and the other Loan Documents and any claim, 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 Texas. The Borrower 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 Lender 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 Texas sitting in Dallas County, and of the United States District Court of the Northern District of Texas, and any appellate court from any thereof, and each of the parties hereto irrevocably and unconditionally submits to the exclusive 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 Texas 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 Lender may otherwise have to bring any action or proceeding relating to this

Agreement or any other Loan Document against the Borrower or any other Credit Party or its properties in the courts of any jurisdiction. The Borrower and each other Credit 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 paragraph (b) of this Section. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by Applicable Law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court. Each party hereto irrevocably consents to service of process in the manner provided for notices in Section 9.1. Nothing in this Agreement will affect the right of any party hereto to serve process in any other manner permitted by Applicable Law.

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**SECTION 9.6 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.

**SECTION 9.7 Reversal of Payments.** To the extent any Credit Party makes a payment or payments to the Lender for the ratable benefit of any of the Secured Parties or to any Secured Party directly or the Lender or any Secured Party receives any payment or proceeds of the Collateral or any Secured Party exercises its right of setoff, which payments or proceeds (including any proceeds of such setoff) or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside and/or required to be repaid to a trustee, receiver or any other party under any Debtor Relief Law, other Applicable Law or equitable cause, then, to the extent of such payment or proceeds repaid, the Secured Obligations or part thereof intended to be satisfied shall be revived and continued in full force and effect as if such payment or proceeds had not been received by the Lender.

**SECTION 9.8 Injunctive Relief.** The Borrower recognizes that, in the event the Borrower fails to perform, observe or discharge any of its obligations or liabilities under this Agreement, any remedy of law may prove to be inadequate relief to the Lender. Therefore, the Borrower agrees that the Lender, at the Lender's option, shall be entitled to temporary and permanent injunctive relief in any such case without the necessity of proving actual damages.

**SECTION 9.9 Successors and Assigns; Participations.** This Agreement is binding on the Borrower's and the Lender's successors and assignees. The Borrower agrees that it may not assign this Agreement without the Lender's prior written consent. The Lender may sell participations in or assign its Loan and the rights and obligations hereunder, and may exchange information about the Borrower with actual or potential participants or assignees. If a participation is sold or the loan is assigned, the purchaser will have the right of set-off against the Borrower.

**SECTION 9.10 Performance of Duties.** Each of the Credit Party's obligations under this Agreement and each of the other Loan Documents shall be performed by such Credit Party at its sole cost and expense.

**SECTION 9.11 All Powers Coupled with Interest.** All powers of attorney and other authorizations granted to the Lender and any Persons designated by the Lender pursuant to any provisions of this Agreement or any of the other Loan Documents shall be deemed coupled with an interest and shall be irrevocable so long as any of the Obligations remain unpaid or unsatisfied, any of the Revolving Credit Commitments remain in effect or the Revolving Credit Facility has not been terminated.

**SECTION 9.12 Survival.** All representations and warranties made under this Agreement shall be made or deemed to be made at and as of the Closing Date (except those that are expressly made as of a specific date), shall survive the Closing Date and shall not be waived by the execution and delivery of this Agreement, any investigation made by or on behalf of the Lender or any borrowing hereunder. Notwithstanding any termination of this Agreement, the indemnities to which the Lender is entitled under the provisions of [Section 9.3](#) and any other provision of this Agreement and the other Loan Documents shall continue in full force and effect and shall protect the Lender against events arising after such termination as well as before.

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**SECTION 9.13 Titles and Captions.** Titles and captions of Articles, Sections and subsections in, and the table of contents of, this Agreement are for convenience only, and neither limit nor amplify the provisions of this Agreement.

**SECTION 9.14 Severability of Provisions.** Any provision of this Agreement or any other Loan Document which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective only to the extent of such prohibition or unenforceability without invalidating the remainder of such provision or the remaining provisions hereof or thereof or affecting the validity or enforceability of such provision in any other jurisdiction. In the event that any provision is held to be so prohibited or unenforceable in any jurisdiction, the Lender and the Borrower shall negotiate in good faith to amend such provision to preserve the original intent thereof in such jurisdiction.

**SECTION 9.15 Counterparts; Integration; Effectiveness.** This Agreement may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement and the other Loan Documents constitute the entire contract among the parties relating to the subject matter hereof and supersede any

and all previous agreements and understandings, oral or written, relating to the subject matter hereof and may not be contradicted by evidence of prior, contemporaneous or subsequent oral agreements of the parties. Except as provided in Section 4.1, this Agreement shall become effective when it shall have been executed by the Lender and when the Lender shall have received counterparts hereof that, when taken together, bear the signatures of each of the other parties hereto. The words "execute," "execution," "signed," "signature," "delivery" and words of like import in or related to this Agreement, any other Loan Document or any document, amendment, approval, consent, waiver, modification, information, notice, certificate, report, statement, disclosure, or authorization to be signed or delivered in connection with this Agreement or any other Loan Document or the transactions contemplated hereby shall be deemed to include Electronic Signatures or execution in the form of an Electronic Record, and contract formations on electronic platforms approved by the Lender, deliveries 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 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, or any other similar state laws based on the Uniform Electronic Transactions Act. Each party hereto agrees that any Electronic Signature or execution in the form of an Electronic Record shall be valid and binding on itself and each of the other parties hereto to the same extent as a manual, original signature. For the avoidance of doubt, the authorization under this paragraph may include, without limitation, use or acceptance by the parties of a manually signed paper which has been converted into electronic form (such as scanned into PDF format), or an electronically signed paper converted into another format, for transmission, delivery and/or retention. Notwithstanding anything contained herein to the contrary, the Lender is under no obligation to accept an Electronic Signature in any form or in any format unless expressly agreed to by the Lender pursuant to procedures approved by it; provided that without limiting the foregoing, (a) to the extent the Lender has agreed to accept such Electronic Signature from any party hereto, the Lender and the other parties hereto shall be entitled to rely on any such Electronic Signature purportedly given by or on behalf of the executing party without further verification and (b) upon the request of the Lender, any Electronic Signature shall be promptly followed by an original manually executed counterpart thereof. Without limiting the generality of the foregoing, each party hereto hereby (i) agrees that, for all purposes, including without limitation, in connection with any workout, restructuring, enforcement of remedies, bankruptcy proceedings or litigation between the Lender and any of the Credit Parties, electronic images of this Agreement or any other Loan Document (in each case, including with respect to any signature pages thereto) shall have the same legal effect, validity and enforceability as any paper original, and (ii) waives any argument, defense or right to contest the validity or enforceability of the Loan Documents based solely on the lack of paper original copies of any Loan Documents, including with respect to any signature pages thereto. **THIS AGREEMENT AND ALL THE OTHER LOAN DOCUMENTS CONSTITUTE A WRITTEN LOAN AGREEMENT WHICH REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES RELATING TO THIS AGREEMENT AND THE INDEBTEDNESS EVIDENCED HEREBY.**

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**SECTION 9.16 Term of Agreement.** This Agreement shall remain in effect from the Closing Date through and including the date upon which all Obligations (other than contingent indemnification obligations not then due) arising hereunder or under any other Loan Document shall have been indefeasibly and irrevocably paid and satisfied in full, all Letters of Credit have been terminated or expired (or been Cash Collateralized) or otherwise satisfied in a manner acceptable to the Lender and the Revolving Credit Commitment has been terminated. No termination of this Agreement shall affect the rights and obligations of the parties hereto arising prior to such termination or in respect of any provision of this Agreement which survives such termination.

**SECTION 9.17 USA PATRIOT Act; Anti-Money Laundering Laws.** The Lender hereby notifies the Borrower that pursuant to the requirements of the PATRIOT Act or any other Anti-Money Laundering Laws, each of them is required to obtain, verify and record information that identifies each Credit Party, which information includes the name and address of each Credit Party and other information that will allow the Lender to identify each Credit Party in accordance with the PATRIOT Act or such Anti-Money Laundering Laws.

**SECTION 9.18 No Fiduciary Responsibility.** In connection with all aspects of each transaction contemplated hereby, each Credit Party acknowledges and agrees, and acknowledges its Affiliates' understanding, that (a) the facilities provided for hereunder and any related arranging or other services in connection therewith (including in connection with any amendment, waiver or other modification hereof or of any other Loan Document) are an arm's-length commercial transaction between the Borrower and its Affiliates, on the one hand, and the Lender and its Affiliates, on the other hand, and the Borrower is capable of evaluating and understanding and understands and accepts the terms, risks and conditions of the transactions contemplated hereby and by the other Loan Documents (including any amendment, waiver or other modification hereof or thereof), (b) in connection with the process leading to such transaction, the Lender is and has been acting solely as a principal and is not the financial advisor, agent or fiduciary, for the Borrower or any of its Affiliates, stockholders, creditors or employees or any other Person, (c) the Lender has not assumed an advisory, agency or fiduciary responsibility in favor of the Borrower with respect to any of the transactions contemplated hereby or the process leading thereto, including with respect to any amendment, waiver or other modification hereof or of any other Loan Document and the Lender has no obligation to the Borrower or any of its Affiliates with respect to the financing transactions contemplated hereby except those obligations expressly set forth herein and in the other Loan Documents and (d) the Lender has not provided and will not provide any legal, accounting, regulatory or tax advice with respect to any of the transactions contemplated hereby (including any amendment, waiver or other modification hereof or of any other Loan Document) and the Credit Parties have consulted their own legal, accounting, regulatory and tax advisors to the extent they have deemed appropriate.

**SECTION 9.19 Inconsistencies with Other Documents.** In the event there is a conflict or inconsistency between this Agreement and any other Loan Document, the terms of this Agreement shall control; provided that any provision of the Security Documents which imposes additional burdens on the Borrower or any of its Subsidiaries or further restricts the rights of the Borrower or any of its Subsidiaries or gives the Lender additional rights shall not be deemed to be in conflict or inconsistent with this Agreement and shall be given full force and effect.

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**SECTION 9.20 Acknowledgement Regarding Any Supported QFCs.** To the extent that the Loan Documents provide support, through a guarantee or otherwise, for Hedge Agreements 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 FDIC under the Federal Deposit Insurance Act and Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act (together with the regulations promulgated thereunder, the "U.S. Special Resolution Regimes") in respect of such Supported QFC and QFC Credit Support (with the provisions below applicable notwithstanding that the Loan Documents and any Supported QFC may in fact be stated to be governed by the laws of the State of New York and/or of the United States or any other state of the United States):

(a) In the event a Covered Entity that is party to a Supported QFC (each, a "Covered Party") becomes subject to a proceeding under a U.S. Special Resolution Regime, the transfer of such Supported QFC and the benefit of such QFC Credit Support (and any interest and obligation in or under such Supported QFC and such QFC Credit Support, and any rights in property securing such Supported QFC or such QFC Credit Support) from such Covered Party will be effective to the same extent as the transfer would be effective under the U.S. Special Resolution Regime if the Supported QFC and such QFC Credit Support (and any such interest, obligation and rights in property) were governed by the laws of the United States or a state of the United States. In the event a Covered Party or a BHC Act Affiliate of a Covered Party becomes subject to a proceeding under a U.S. Special Resolution Regime, Default Rights under the Loan Documents that might otherwise apply to such Supported QFC or any QFC Credit Support that may be exercised against such Covered Party are permitted to be exercised to no greater extent than such Default Rights could be exercised under the U.S. Special Resolution Regime if the Supported QFC and the Loan Documents were governed by the laws of the United States or a state of the United States. Without limitation of the foregoing, it is understood and agreed that rights and remedies of the parties with respect to a Defaulting Lender shall in no event affect the rights of any Covered Party with respect to a Supported QFC or any QFC Credit Support.

(a) As used in this Section 12.24, the following terms have the following meanings:

"BHC Act Affiliate" of a party means an "affiliate" (as such term is defined under, and interpreted in accordance with, 12 U.S.C. 1841(k)) of such party.

"Covered Entity" means any of the following:

- (i) a "covered entity" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 252.82(b);
- (ii) a "covered bank" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 47.3(b); or
- (iii) a "covered FSI" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 382.2(b).

"Default Right" has the meaning assigned to that term in, and shall be interpreted in accordance with, 12 C.F.R. §§ 252.81, 47.2 or 382.1, as applicable.

"QFC" has the meaning assigned to the term "qualified financial contract" in, and shall be interpreted in accordance with, 12 U.S.C. 5390(c)(8)(D).

[Signature pages omitted]

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