

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

FORM 10-K

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

For the fiscal year ended December 31, 2023

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

For the transition period from _____ to _____
Commission file number 1-8267

EMCOR Group, Inc.

(Exact name of registrant as specified in its charter)

Delaware

11-2125338

(State or other jurisdiction of incorporation or organization)

(I.R.S. Employer Identification Number)

301 Merritt Seven

Norwalk, Connecticut

06851-1092

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code: (203) 849-7800

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	EME	New York Stock Exchange

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

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

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

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

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

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

Large Accelerated Filer	<input checked="" 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"/>
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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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

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

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The aggregate market value of the common stock held by non-affiliates of the registrant was approximately \$ 5,900,000,000 as of the last business day of the registrant's most recently completed second fiscal quarter, based upon the closing sale price on the New York Stock Exchange reported for such date. Shares of common stock held by each executive officer and director and by each person who owns 5% or more of the outstanding common stock (based solely on filings of such 5% holders) have been excluded from such calculation as such persons may be deemed to be affiliates. This determination of affiliate status is not necessarily a conclusive determination for other purposes.

Number of shares of the registrant's common stock outstanding as of the close of business on February 22, 2024: 47,064,926 shares.

DOCUMENTS INCORPORATED BY REFERENCE

Part III. Portions of the definitive proxy statement for the 2024 Annual Meeting of Stockholders, which document will be filed with the Securities and Exchange Commission pursuant to Regulation 14A not later than 120 days after the end of the fiscal year to which this Form 10-K relates, are incorporated by reference into Items 10 through 14 of Part III of this Form 10-K.

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FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements. You can identify these statements by the fact that they do not relate strictly to historical or current facts. They generally contain words such as "anticipate," "estimate," "expect," "project," "intend," "plan," "believe," "may," "can," "could," "might," variations of such wording and other words or phrases of similar meaning. Forward-looking statements in this report include discussions of our future operating or financial performance and other forward-looking commentary regarding aspects of our business, including market share growth, gross profit, remaining performance obligations, project mix, projects with varying profit margins and contractual terms, selling, general and administrative expenses, our ability to maintain a strong safety record, and trends in our business, and other characterizations of future events or circumstances, such as the effects of supply chain disruptions and delays. Each forward-looking statement included in this report is subject to risks and uncertainties, including those identified in the "Risk Factors" section, the "Management's Discussion and Analysis of Financial Condition and Results of Operations" section, and other sections of this report. Applicable risks and uncertainties include, but are not limited to:

- adverse effects of general economic conditions;
- domestic and international political developments;
- changes in the specific markets for EMCOR's services;
- adverse business conditions, including scarcity of skilled labor, productivity challenges, the nature and extent of supply chain disruptions impacting availability and pricing of materials, and inflationary trends more generally, including fluctuations in energy costs;
- the impact of legislation and/or government regulations;
- changes in interest rates;
- the availability of adequate levels of surety bonding;
- increased competition;
- unfavorable developments in the mix of our business; and
- other factors discussed elsewhere in this report.

Such risks and uncertainties could cause actual results to differ materially from those that might be anticipated from, or projected or implied by, our forward-looking statements. Accordingly, these statements do not guarantee future performance or events. The forward-looking statements contained in this report speak only as of the filing date of this report. We undertake no obligation to update any forward-looking statements unless required by law. However, any further disclosures made on related subjects in our subsequent reports filed with the Securities and Exchange Commission (the "SEC") should be consulted. We caution investors not to place undue reliance on forward-looking statements, due to their inherent uncertainty.

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PART I

ITEM 1. BUSINESS

References to the "Company," "EMCOR," "we," "us," "our" and similar words refer to EMCOR Group, Inc. and its consolidated subsidiaries unless the context indicates otherwise.

Overview

We are one of the largest specialty contractors in the United States and a leading provider of electrical and mechanical construction and facilities services, building services, and industrial services. In 2023, we had revenues of approximately \$12.6 billion. Our services are provided to a broad range of commercial, technology, manufacturing, industrial, healthcare, utility, and institutional customers through approximately 100 operating subsidiaries, which specialize principally in providing construction services relating to electrical and mechanical systems in all types of facilities and in providing various services relating to the operation, maintenance, and management of those facilities. Such operating subsidiaries are organized into the following reportable segments:

- United States electrical construction and facilities services;
- United States mechanical construction and facilities services;
- United States building services;
- United States industrial services; and
- United Kingdom building services.

Our operating subsidiaries offer comprehensive and diverse solutions on a broad scale and have many long-standing customer relationships. We provide construction services and building services directly to corporations, municipalities and federal and state governmental entities, owners/developers, and tenants of buildings. We also provide our construction services indirectly by acting as a subcontractor to general contractors, systems suppliers, construction managers, developers, property managers, and other subcontractors. We generally provide industrial services directly to refineries and petrochemical plants.

We derive revenues from many different customers in numerous industries, which have operations in several different geographical areas. Of our 2023 revenues, approximately 97% were generated in the United States and approximately 3% were generated in foreign countries, substantially all in the United Kingdom. In 2023, we derived approximately 63% of our revenues from our construction operations, approximately 28% of our revenues from our building services operations, and approximately 9% of our revenues from our industrial services operations. For additional information regarding our revenues, see Note 3 - Revenue from Contracts with Customers of the notes to consolidated financial statements included in Item 8. Financial Statements and Supplementary Data.

We believe that our range of service offerings, technical capability, skilled workforce, and strong project execution, along with our safety culture and financial resources, differentiate us from our competition and position us to benefit from future capital and maintenance spending by our customers. Our strategies of expanding our portfolio of service offerings for existing and potential customers and increasing or enhancing our presence in core end markets and geographies, along with our commitment to industry-leading best practices and technological and training capabilities, place us in the position to capitalize on opportunities and trends in the industries we serve and continue to grow our business.

Increasingly, our services are focused on delivering sustainable energy solutions, enhancements in energy efficiency, reductions in waste and emissions, and improvements in the safety and comfort of our customers' facilities.

The broad scope of our operations is more particularly described below. For detailed segment financial information refer to Note 18 - Segment Information of the notes to consolidated financial statements included in Item 8. Financial Statements and Supplementary Data.

Our executive offices are located at 301 Merritt Seven, Norwalk, Connecticut 06851-1092, and our telephone number at those offices is (203) 849-7800.

Operations

United States electrical and mechanical construction and facilities services operations:

Our electrical and mechanical construction services primarily involve the design, integration, installation, start-up, operation and maintenance, and provision of services relating to:

- Systems for electrical power transmission, distribution, and generation, including power cables, conduits, distribution panels, transformers, generators, uninterruptible power supply systems, and related switch gear and controls;
- Sustainable energy solutions such as solar, photovoltaic, and wind, as well as the installation of electric vehicle charging stations;
- Premises electrical and lighting systems, including fixtures and controls;
- Process instrumentation in the refining, chemical processing, and food processing industries;
- Low-voltage systems, such as fire alarm, security, and process control systems;
- Voice and data communications, including fiber optic and low voltage cabling, distributed antenna systems, audiovisual systems, and wireless access points;
- Roadway and transit lighting and signaling and fiber optic lines;
- Computerized traffic control systems, and signal and communication equipment for mass transit systems;
- Heating, ventilation, air conditioning, and refrigeration, including both traditional mechanical systems as well as geothermal solutions;
- Clean-room process ventilation systems;
- Fire protection and suppression systems;
- Plumbing, process and high-purity piping systems;
- Controls and filtration systems;
- Water and wastewater treatment systems;
- Central plant heating and cooling systems, including manufacturing and installing sheet metal air handling systems;
- Crane and rigging services;
- Millwright services; and
- Steel fabrication, erection, and welding services.

The electrical and mechanical construction services industry has experienced growth principally due to the increased content, complexity, and sophistication of electrical and mechanical systems resulting, in part, from growth in digital processing, cloud computing, data storage, and the emergence of artificial intelligence. In addition, facilities of all types require extensive electrical distribution systems, sophisticated power supplies, networks of low-voltage and fiber-optic communications cabling, and various mechanical, plumbing, and fire protection and suppression systems. Moreover, the need for substantial environmental controls within a building, due to the heightened need to maintain extensive computer systems at optimal temperatures, and the demand for increased energy efficiency, have continued to expand opportunities for our electrical and mechanical services businesses. The demand for these services is typically driven by non-residential construction and renovation activity and, in recent years, has benefited from the re-shoring of the supply chain, the need for additional high-tech manufacturing facilities, and the energy transition/expansion throughout the United States, all of which have been bolstered by certain government incentives.

Our electrical and mechanical construction services generally fall into one of three categories: (a) large installation projects, with contracts often in the multi-million dollar range, that involve: (i) the construction of manufacturing facilities, data centers, warehousing and distribution facilities, and commercial buildings, (ii) institutional and public works projects, or (iii) the fit-out of large blocks of space within commercial or mixed-use buildings, (b) large and medium sized capital and maintenance projects for commercial, manufacturing, pharmaceutical, healthcare, oil and gas, and industrial clients, and (c) smaller installation projects, of a short duration, typically involving fit-out, renovation, and retrofit work.

Our United States electrical and mechanical construction operations accounted for approximately 63% of our 2023 total revenues. Of such revenues, approximately 35% were generated by our electrical construction operations and approximately 65% were generated by our mechanical construction operations.

Our largest projects typically include those within: (a) the commercial market sector (including warehousing and distribution facilities, office or mixed-use buildings, and shopping malls); (b) the network and communications market sector (including data centers, data and fiber projects, and cabling); (c) the manufacturing and industrial market sector (including steel, pulp and paper mills, food processing and traditional automotive manufacturing facilities, power generation (including sustainable energy solutions such as solar and wind), oil and gas refineries, and chemical processing plants); (d) the high-tech manufacturing market sector (including semiconductor, biotech, life-sciences, and pharmaceutical facilities, as well as projects across the electric vehicle value chain); (e) the healthcare market sector (including hospitals, surgical centers, rehabilitation and nursing facilities, and medical offices); (f) the institutional market sector (including educational and correctional facilities and research laboratories); (g) the water and wastewater market sector; (h) the transportation market sector (including highways, bridges, airports, and transit systems); and (i) the hospitality and entertainment market sector (including resorts, hotels, gaming facilities, convention centers, and sports stadiums). Our largest projects, which typically range in size from \$10 million up to and occasionally exceeding \$200 million, represented approximately 45% of our electrical and mechanical construction services revenues in 2023. These projects often involve new construction and a combination of design, installation, and start-up services. Depending on the size and complexity of these projects, they may span multiple years and typically require significant technical and management skills and the financial strength to obtain performance bonds, which are often a condition to bidding for and winning these projects.

Our projects of less than \$10 million accounted for approximately 55% of our electrical and mechanical construction services revenues in 2023. These projects are typically completed in less than one year. They usually involve electrical and mechanical construction services when an end-user or owner undertakes construction or modification of a facility to accommodate a specific use, upgrade or replace aging systems, or increase energy efficiency. These projects frequently require electrical and mechanical systems to meet special needs such as critical systems power supply, fire protection systems, special environmental controls and high-purity air systems, sophisticated electrical and mechanical systems for data centers, new production lines in manufacturing plants, and office arrangements in existing office buildings. They are not usually dependent upon the new construction market. Demand for these projects and types of services is often prompted by the expiration of leases, changes in technology, the demand for more energy efficient systems, or changes in the customer's plant or office layout in the normal course of a customer's business.

United States and United Kingdom building services operations:

Our building services include:

- Maintenance and services for mechanical, electrical, plumbing, fire safety, and building automation systems;
- Modification and retrofit projects;
- Program development, management, and maintenance for energy systems, including LEED and other sustainable solutions to assist our customers in reducing energy consumption;
- Energy efficiency retrofit services, including HVAC, lighting, water, weatherization, and air flow management solutions;
- Technical consulting and diagnostic services;
- Services aimed at improving indoor air quality;
- Installation and support for building systems;
- Commercial and government site-based operations and maintenance;
- Facility management, maintenance, and services;
- Floor care and janitorial services, including enhanced cleaning and sanitization services;
- Landscaping, lot sweeping, and snow removal;
- Other building services, including reception, security, and catering services;
- Vendor management and call center services;
- Military base operations support services; and
- Infrastructure and building projects for federal, state, and local governmental agencies.

While not all of the above services are performed in both countries, we provide building services throughout the United States and United Kingdom. Our building services operations have built upon our traditional electrical and mechanical construction operations and our client relationships to expand the scope of services being offered and to develop packages of services for customers on a local, regional, and national basis.

Our building services operations, which generated approximately 28% of our 2023 total revenues, provide services to owners, operators, tenants, and managers of all types of facilities both on a contractual basis for a specified period of time and on an individual task order basis. Of our building services revenues for 2023, approximately 88% were generated in the United States and approximately 12% were generated in the United Kingdom.

Demand for our building services is often driven by customers' decisions to focus on their core competencies, customers' programs to reduce costs, the increasing technical complexity of customers' facilities, including their mechanical, electrical, building automation, voice and data, and other systems, and the need for increased reliability, energy efficiency, and air filtration and sanitization. These trends have led to outsourcing and privatization programs whereby customers in both the private and public sectors seek to contract out those activities that support, but are not directly associated with, the customer's core business. Clients of our building services business include federal and state governments, institutional organizations, utilities, healthcare providers, and major corporations engaged in information technology, telecommunications, pharmaceuticals, financial services, and manufacturing, as well as large retailers and other businesses with geographically dispersed locations.

We provide building services at a number of prominent buildings in the United States, including those that house the National Archives and Records Administration, the Federal Deposit Insurance Corporation, the Government Accountability Office, and the Departments of Transportation, Education, Health and Human Services, Energy, and Homeland Security, as well as other government facilities, including the NASA Jet Propulsion Laboratory. We also provide building services, as a prime contractor or a subcontractor, to U.S. military bases and various other governmental agencies. The agreements pursuant to which this division provides services to the federal government are frequently for a base period and a number of option years exercisable at the sole discretion of the government, are often subject to modification or renegotiation by the government in terms of scope of services, and are subject to termination by the government prior to the expiration of the applicable term.

United States industrial services operations:

Our industrial services are primarily provided to customers within the oil, gas, and petrochemical industries and consist of:

- Refinery turnaround planning and engineering services;
- Specialty welding services;
- Overhaul and maintenance of critical process units in refineries and petrochemical plants;
- Specialty technical services for refineries and petrochemical plants;
- Instrumentation and electrical services for energy infrastructure;
- On-site repairs, maintenance, and service of heat exchangers, towers, vessels, and piping;
- Design, manufacturing, repair, and hydro blast cleaning of shell and tube heat exchangers and related equipment; and
- Renewable energy services, including large scale solar projects, energy storage, and waste to biogas solutions.

Our industrial services business, which generated approximately 9% of our 2023 total revenues, is a recognized leader in the refinery turnaround market and has a presence in the petrochemical market. Demand for these services is highly dependent on the strength of the oil and gas and related industrial markets. Our industrial services operations perform turnaround and maintenance services for critical units of refineries and petrochemical plants to upgrade, repair, and maintain them. Such services include: (a) engineering and planning in advance of complex refinery and petrochemical turnarounds; (b) overhaul and maintenance of critical process units (including hydrofluoric alkylation units, fluid catalytic cracking units, coking units, heaters, heat exchangers, and related mechanical equipment) during refinery and petrochemical plant shut downs; (c) replacement and new construction capital projects for refineries and petrochemical plants; (d) instrumentation and electrical services for energy infrastructure; and (e) other related specialty services such as: (i) welding (including pipe welding) and fabrication; (ii) heater, boiler, and reformer repairs and replacements; converter repair and revamps; and vessel, exchanger and tower services; (iii) tower and column repairs in refineries and petrochemical plants; (iv) installation and repair of refractory materials for critical units in process plants to protect equipment from corrosion, erosion, and extreme temperatures; and (v) acid-proofing services to protect critical components at refineries from chemical exposure. These businesses also design and manufacture highly engineered shell and tube heat exchangers and provide maintenance, repair, and cleaning services for heat exchangers both in the field and at our own shops, including tube and shell repairs, bundle repairs, and extraction services.

In addition to these traditional industrial services, we are beginning to leverage our expertise in industrial services to construct and maintain carbon capture technologies and renewable energy projects.

Competition

Across our operations, we compete with national, regional, and local companies, many of which are small, owner-operated entities that carry on their businesses in a limited geographic area, as well as with certain foreign companies.

The electrical and mechanical construction services industry is highly fragmented and our competition includes thousands of small companies across the United States. In addition, there are a number of larger public companies focused on providing electrical and/or mechanical construction services, such as API Group Corporation, Comfort Systems USA, Inc., Dycom Industries, Inc., IES Holdings, Inc., MasTec, Inc., MYR Group Inc., and Tutor Perini Corporation. A majority of our revenues are derived from projects requiring competitive bids; however, an invitation to bid is often conditioned upon prior experience, technical capability, and financial strength. Competitive factors in the electrical and mechanical construction services business include: (a) the availability of qualified and/or licensed personnel; (b) reputation for integrity and quality; (c) safety record; (d) cost structure and the ability to control project costs; (e) relationships with customers; (f) price; (g) geographic diversity; (h) experience in specialized markets; (i) the ability to obtain surety bonding; (j) adequate working capital or access to bank credit; and (k) the use of technology such as building information modeling (BIM). We believe our financial position, operating results, access to bank credit and surety bonding, technical expertise including prefabrication and BIM capabilities, and safety record, among other factors, give us an advantage over many of our competitors. However, relatively few barriers exist to prevent entry into the electrical and mechanical construction services industry.

While the building services industry is also highly fragmented, with most competitors operating in a specific geographic region, a number of large corporations such as Amentum Services, Inc., IAP Worldwide Services, Inc., Fluor Corporation, J&J Worldwide Services, Cushman & Wakefield plc, CBRE Group, Inc., Jones Lang LaSalle Incorporated, Sodexo, Inc., Aramark, and ABM Industries Incorporated are engaged in this field, as are large original equipment manufacturers such as Carrier Global Corporation and Trane Technologies plc. In addition, we compete with several regional firms serving all or portions of the markets we target, such as BrightView Holdings, Inc., Kellermeyer Bergensons Services, LLC, and SMS Assist, L.L.C. Our principal competitors in the United Kingdom include CBRE Group, Inc., ISS UK Ltd., Equans Services Limited, OCS Group UK Limited, and Mitie Group PLC. The key competitive factors in the building services industry include: (a) availability of qualified personnel and managers; (b) service quality and technical expertise; (c) the use of technology tools and data analytics; (d) cost structure and the ability to control project costs; (e) price; and (f) geographic diversity. Due to our size, our technical capability and management experience, and our geographic presence, we believe our building services operations are in a strong competitive position. However, there are relatively few barriers to entry into the building services industry.

The market for providing industrial services includes large national providers, as well as numerous regional companies. In the manufacture of heat exchangers, we compete with both U.S. and foreign manufacturers. Competitors within this industry include JVIC Catalyst Services, Universal Plant Services, Inc., Turner Industries Group, LLC, Team, Inc., Cust-O-Fab, Inc., Dunn Heat Exchangers, Inc., Turn2 Specialty Companies, and Wyatt Field Service Company, LLC, among others. The key competitive factors in the industrial services market consist of: (a) availability of skilled workforce; (b) technical expertise; (c) service, quality, and ability to respond quickly; (d) price; and (e) safety record. Due to our technical capabilities, skilled workforce, and safety record, we believe that we are in a strong competitive position in the industrial services markets that we serve. Although the technical expertise and capital investment that is required in manufacturing heat exchangers may be considered a barrier to entry in this field, there are significantly fewer barriers to entry as it pertains to turnaround projects and services.

Human Capital

At December 31, 2023, we employed approximately 38,300 people, approximately 35,000 of whom were located within the United States and approximately 3,300 of whom were located in the United Kingdom.

Based on the most recent information available from our latest filing with the U.S. Equal Employment Opportunity Commission, the gender demographic of our U.S. employees was 89% male and 11% female. Additionally, based on such information, our U.S. employees had the following race and ethnicity demographics:

Employee Demographic	% of Total
White	69 %
Hispanic / Latino	18 %
Black / African American	8 %
Asian	2 %
Multiracial, Native American, Native Hawaiian, and Pacific Islander	3 %

Approximately 60% of our employees are represented by various unions pursuant to nearly 450 collective bargaining agreements between our individual subsidiaries or trade associations and local unions, as well as two collective bargaining agreements that are national or regional in scope. We believe that our relations with our labor unions are generally positive.

Our ability to execute complex projects for our customers, and to perform all of our services with the excellence that makes us an industry leader, depends on our success in attracting and retaining skilled labor in a competitive market. We therefore strive to be and remain an employer of choice for the most talented employees in each of the industries and markets in which we operate. This begins with offering competitive employee compensation and benefits packages, specifically designed to meet the unique needs of each individual in our organization, which include:

- *Health and Welfare Plans*: All full-time employees who do not participate in union plans are offered a range of choices among medical, dental and vision plans, life, accident, dependent and disability insurance, and pre-tax health savings accounts that include employer contributions.
- *Retirement Savings*: We help provide our employees with financial security by offering a 401(k) Savings Plan, which includes company matching contributions.
- *Degree Assistance*: Eligible employees may apply for reimbursement for job-related courses or courses taken as part of a curriculum for a business or job-related degree at an accredited institution.
- *Employee Assistance Program*: Through our Employee Assistance Program, we offer our employees, and their dependents or household members, access to services and counseling on a variety of personal, professional, legal, and financial matters, at no cost.
- *College Coaching*: Our College Coach Program provided through Bright Horizons provides employees and their families with support as they navigate the college admissions process, including live webinars, tuition payment financial planning, and insight from former admissions officers, finance professionals, and educators.

Key to our attraction and retention of employees is our commitment to our EMCOR Values and our focus on employee safety and inclusion. Our Board of Directors and senior leadership engage in direct oversight and management, respectively, of our significant human capital initiatives. Our Board of Directors is regularly briefed and provides input on key human capital initiatives and metrics.

Commitment to Core Values

We are committed to our EMCOR Values of Mission First: *Integrity, Discipline, and Transparency* and People Always: *Mutual Respect and Trust, Commitment to Safety, and Teamwork*. We consistently strive to ensure these values are reflected in how we do business every day, from our corporate culture and “tone at the top,” established by our Board of Directors and management team, to the critical work performed by all of our people at every level throughout our organization. We reinforce our EMCOR Values through many ongoing initiatives. Our EMCOR Values are embodied in our policies and procedures, including our Code of Business Ethics and Conduct. We also regularly provide training on these values, both at time of hire and on an ongoing, periodic basis. In addition, to develop and reinforce our values company-wide, and empower our leaders to perform at the highest levels, senior leaders are invited to our Leadership for Results course and our Leading with Character program at the Thayer Leadership Development Group at West Point. In addition, identified front line leaders such as project managers, superintendents and supervisors are invited to our Leader Development Program, which focuses on the development of skills to enhance their growth as leaders and emphasizes the importance of our EMCOR Values.

Workplace Safety

We believe that our focus on employee safety and well-being is reflected in our results. During a year in which our people worked over 80 million hours, the Company's Total Recordable Incident Rate in 2023 was just under 1.2, which was approximately 50% lower than the U.S. Bureau of Labor Statistics' most recently available industry average of 2.4 for NAICS Code 2382, Building Equipment Contractors. This represents our fifteenth consecutive year with a Total Recordable Incident Rate which was less than half the industry average. Our position as an industry leader in safety begins with a strong culture of care and vigilance embodied in our EMCOR Values and is supported by a comprehensive suite of training, resources, and analytics. These include: (a) our signature Be There for Life! Zero Injuries Program and Be Vigilant! Campaign, (b) incident and injury prevention planning, including in-person and online training tools and best practice guides available through our company intranet, (c) enterprise level reporting and analysis of leading and lagging indicators, (d) a 24-hour incident reporting hotline, and (e) a company-wide program to share and champion best safety practices across our range of businesses. These tools are evolving with the way our people work, including employees in the field. For example, we have deployed an online safety training program available to any employee on a mobile device.

A Diverse and Inclusive Workplace

We believe that a diverse and inclusive workforce is important to the long-term success of our business. We actively seek to increase the diversity of our workforce and to practice our commitment to diversity and inclusion in hiring, development, and training, embracing diversity of experience, background, and personal characteristics. This extends to our senior leadership and Board of Directors, where we require that any slate of recruited candidates for a named executive officer or other corporate officer position, and new management-supported director nominees, include a diverse group of individuals. We have also designed and implemented policies and practices to promote a workplace free from discrimination, including our Affirmative Action and Equal Opportunity Policy, the implementation, effectiveness, and reporting requirements of which are overseen by our designated Affirmative Action Officer.

We strive to help all our employees realize their full potential with an equal opportunity to succeed. We work to unlock the full potential of all employees at every level through: (a) the EMCOR Manager Certificate Program, which promotes supervisory management skills, (b) our Degree Assistance Program, which provides tuition reimbursement for continuing education, and (c) the resources available to all employees on our online learning platform, EMCOR University Online, which includes thousands of on-demand training courses on a wide range of topics.

In furtherance of our EMCOR Values, all EMCOR employees are required to complete inclusive workplace training, and our current and future leaders undergo implicit association training.

Available Information

We file annual, quarterly and current reports, proxy statements and other information with the SEC. These filings are available to the public over the internet at the SEC's website at <http://www.sec.gov>.

Our Internet address is www.emcorgroup.com. We make available, free of charge, through www.emcorgroup.com our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports, as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC. References to our website addressed in this report are provided as a convenience and do not constitute, and should not be viewed as, an incorporation by reference of the information contained on, or available through, the website. Therefore, such information should not be considered part of this report.

Our Board of Directors has an audit committee, a compensation and personnel committee, and a nominating and corporate governance committee. Each of these committees has a formal charter and is comprised of independent directors. We also have Corporate Governance Guidelines, which include guidelines regarding related party transactions, a Code of Ethics for our Chief Executive Officer and Senior Financial Officers, and a Code of Ethics and Business Conduct for Directors, Officers, and Employees. Copies of these charters, guidelines and codes, and any waivers or amendments to such codes which are applicable to our executive officers, senior financial officers, or directors, can be obtained on our website, www.emcorgroup.com.

You may request a copy of the foregoing filings (excluding exhibits), charters, guidelines and codes, and any waivers or amendments to such codes which are applicable to our executive officers, senior financial officers, or directors, at no cost by writing to us at EMCOR Group, Inc., 301 Merritt Seven, Norwalk, CT 06851-1092, Attention: Corporate Secretary, or by telephoning us at (203) 849-7800.

ITEM 1A. RISK FACTORS

Our business is subject to a variety of risks, including the risks described below as well as adverse business and market conditions and risks associated with our operations. The risks and uncertainties described below are not the only ones facing us. Additional risks and uncertainties not known to us or not described below, which we have not determined to be material, may also impair our business operations. You should carefully consider the risks described below, together with all other information in this report, including information contained in the "Business," "Management's Discussion and Analysis of Financial Condition and Results of Operations," and "Quantitative and Qualitative Disclosures about Market Risk" sections. If any of the following risks actually occur, our business, financial position, results of operations, and/or cash flows could be adversely affected, and we may not be able to achieve our goals. Such events may cause actual results to differ materially from expected and historical results, and the trading price of our common stock could decline.

Economic and Strategic Risk Factors

Economic downturns have historically led to reductions in demand for our services. Negative conditions in the credit markets, including rising interest rates, may adversely impact our results of operations and our ability to operate our business. The level of demand from our clients for our services has been, in the past, adversely impacted by slowdowns in the industries we service, as well as in the economy in general. When the general level of economic activity has been reduced from historical levels, certain of our ultimate customers have delayed or canceled projects or capital spending, especially with respect to more profitable private sector work, and such slowdowns adversely affect our ability to grow, reducing our revenues and profitability. A number of economic factors, including financing conditions, the prices of commodities, and energy prices, have, in the past, adversely affected the industries we serve and our ultimate customers' ability or willingness to fund expenditures. General concerns about the fundamental soundness of domestic and foreign economies may also cause ultimate customers to defer projects even if they have credit available to them. A prolonged stagnation or weakening in financial and macroeconomic conditions, including rising interest rates, supply chain challenges, inflation, and any continuing impacts of the COVID-19 pandemic, could therefore have a significant adverse effect on our revenues and profitability.

We are exposed to market risk for changes in interest rates for any borrowings under our credit facility, which bear interest at variable rates. Throughout 2022 and much of 2023, the Federal Reserve Board increased the federal funds rate. Increases in benchmark interest rates impact our interest expense and cost of capital, which may adversely impact our ability to make payments on future outstanding debt, raise funds through the issuance of debt, fund capital expenditures or other liquidity needs. Any of these impacts may adversely affect our liquidity, results of operations, and financial position. For further information on our credit facility and associated borrowing rates, refer to Note 9 - Debt of the notes to consolidated financial statements included in Item 8. Financial Statements and Supplementary Data.

Many of our clients depend on the availability of credit to help finance their capital and maintenance projects. At times, tightened availability of credit or increased interest rates have negatively impacted the ability of existing and prospective ultimate customers to fund projects we might otherwise perform, particularly those in the more profitable private sector. As a result, our ultimate customers may defer such projects for an unknown, and perhaps lengthy, period. Any such deferrals would inhibit our growth and would adversely affect our results of operations.

In a weak economic environment, particularly in a period of restrictive credit markets, we may experience greater difficulties in collecting payments from, and negotiating change orders and/or claims with, our clients due to, among other reasons, a diminution in our ultimate customers' access to the credit markets or potential bankruptcies. If clients delay in paying or fail to pay a significant amount of our outstanding receivables, or we fail to successfully negotiate a significant portion of our change orders and/or claims with clients, it could have an adverse effect on our liquidity, results of operations, and financial position.

Our business has traditionally lagged recoveries in the general economy and, therefore, after an economic downtown we may not recover as quickly as the economy at large.

Certain of our businesses, including those within our United States industrial services segment, are exposed to risks associated with the oil and gas industry. These risks, which are not subject to our control, include volatility in the price and production of crude oil, the development of and consumer demand for alternative energy sources, including as a result of a change in consumer preference, or in an effort to reduce greenhouse gas emissions or combat climate change, and legislative and regulatory actions. In addition, macroeconomic conditions, influenced by a variety of events and circumstances, can also affect customer demand for our services within these businesses and lower prices and production volumes, or perceived risk thereof, typically results in the curtailment or deferral of spending by our customers. While higher prices for our customers' products may increase demand for our services, significant increases in the price or demand for crude oil may also result in the short-term curtailment or deferral of spending by our customers, as facility downtime to perform certain of the services we provide comes at a higher opportunity cost. Continued volatility within these markets, including the impact of geopolitical instability, could negatively impact our financial position, results of operations, and cash flows.

Our business is vulnerable to the cyclical nature of the markets in which our clients operate and is dependent upon the timing and funding of new awards. We provide construction and maintenance services to ultimate customers operating in a number of markets which have been, and we expect will continue to be, cyclical and subject to significant fluctuations due to a variety of factors beyond our control, including economic conditions and changes in client spending.

Regardless of economic or market conditions, investment decisions by our ultimate customers may vary by location or as a result of other factors like the availability of labor, relative construction costs, or competitive conditions in their industries. Because we are dependent on the timing and funding of new awards, we are therefore vulnerable to changes in our clients' markets and investment decisions.

Our business may be adversely affected by significant reductions in government spending, delays or disruptions in the government appropriations process or the failure to fund or implement recent legislation, including the CHIPS and Science Act of 2022 and the Inflation Reduction Act, both of which could benefit our business. Some of our businesses derive a significant portion of their revenues from federal, state, and local governmental agencies. As a result, reduced or delayed spending by the federal government and/or state and local governments may have a material and adverse impact on our business, financial condition, results of operations, and cash flows. Significant reductions in spending aimed at reducing federal, state, or local budget deficits, the absence of a bipartisan agreement on the federal government's budget or raising the debt ceiling (and any disruption caused by a federal government shutdown as a result thereof), renewed focus on budget deficits following increases in government spending in response to the COVID-19 pandemic, personnel reductions, the closure of government facilities and offices, or other changes in budget priorities could result in the deferral, delay, disruption, or cancellation of projects or contracts that we might otherwise have sought to perform. These potential events could impact the level of demand for our services and our ability to execute, complete, and receive compensation for our current contracts, or bid for and enter into new contracts with governmental agencies.

Volatility in the prices or availability of certain materials and equipment used in our businesses and those of our customers, including as a result of inflation, geopolitical instability, and protectionist trade measures, could adversely affect our businesses. We are exposed to market risk of increases in certain commodity prices of materials, such as copper and steel, which are used as components of supplies or materials utilized in our operations. We are also exposed to increases in energy prices, particularly as they relate to gasoline prices for our fleet of approximately 13,800 vehicles. While we believe we can increase our prices to adjust for some price increases in commodities, there can be no assurance that price increases of commodities, if they were to occur, would be recoverable. Further, the timing of our price increases may lag the timing of the underlying increases in commodity or material prices. Additionally, our fixed price contracts generally do not allow us to adjust our prices and, as a result, increases in material or fuel costs could reduce our profitability with respect to projects in progress. For example, in recent years, we experienced supply chain delays, including long lead times for certain materials and equipment, as well as an escalation in material and fuel prices, to varying degrees. These disruptions resulted in declines in gross profit and gross profit margin for certain of our operations. Fluctuations in the price of energy and commodity materials, whether resulting from fluctuations in market supply or demand, geopolitical conditions, including supply chain disruptions and sanctions on Russian exports as a result of Russia's invasion of Ukraine and recent shipping lane disruptions following maritime attacks in the Gulf of Aden, an increase in trade protection measures such as tariffs, or the disruption, modification, or cancellation of multilateral trade agreements, may adversely affect our customers and as a result cause them to curtail the use of our services.

On the other hand, because certain of our construction and service offerings are designed to improve energy efficiency in our clients' operations, or to assist in the generation of new sources of renewable energy, such as wind, solar, and geothermal generation, decreases in the costs of traditional energy sources such as oil and natural gas, including as a result of recessionary pressure and reduced demand, may lower our customers' demand for efficiency improvements and alternative energy sources, which could have an adverse effect on our financial position, results of operations, and cash flows.

Business and Operational Risk Factors

The loss of one or a few customers could have an adverse effect on us. Although we provide services to a diverse portfolio of end markets and have long-standing relationships with many of our significant customers, our customers may unilaterally reduce, fail to renew, or terminate their contracts with us at any time. A loss of business from a significant customer, or a number of significant customers, could have a material adverse effect on our business, financial position, and results of operations.

Our industry is highly competitive. Our industry is served by numerous small, owner-operated private companies, a few public companies, and several large regional companies. In addition, relatively few barriers exist to prevent entry into most of the industries in which we operate. As a result, any organization that has adequate financial resources, and access to technical expertise, may become a competitor. Competition in our industry depends on numerous factors, including price. Certain of our competitors have lower overhead cost structures and, therefore, are able to provide their services at lower rates than we are.

currently able to provide. Our project and service work is frequently awarded through a competitive bidding process, which is standard in our industry. We are constantly competing for contracts based on pricing, schedule, and technical expertise. Competition can place downward pressure on our contract prices and profit margins, which may make it difficult to win the project or force us to accept contractual terms and conditions that are less favorable to us, thereby increasing the risk that, among other things, we may not realize profit margins at the same rates we have seen in the past or may become responsible for costs or other liabilities we have not incurred in the past.

In addition, some of our competitors have greater resources than we do. We cannot be certain that our competitors will not develop the expertise, experience, and resources necessary to provide services that are superior in quality, and lower in price, to ours. Similarly, we cannot be certain that we will be able to maintain or enhance our competitive position within our industries or maintain a customer base at current levels. We may also face competition from the in-house service organizations of existing or prospective customers, particularly with respect to building services. Many of our customers employ personnel who perform some of the same types of building services that we do. We cannot be certain that our existing or prospective customers will continue to outsource building services in the future. If we are unable to compete effectively, we may experience a loss of market share, reduced profitability, or both, which if significant, could have a material adverse effect on our business, financial condition, and results of operations. Refer also to "Business - Competition" in Item 1 of this Form 10-K.

We are a decentralized company, which presents certain risks. While we believe decentralization has enhanced our growth and enabled us to remain responsive to opportunities and to our customers' needs, it necessarily places significant control and decision-making powers in the hands of local management. This presents various risks, including the risk that we may be slower or less able to identify or react to external market conditions or problems affecting a key business than we would in a more centralized environment.

Our business may be affected by weather conditions. Adverse weather conditions, particularly during the winter season, could impact our construction services operations as those conditions affect our ability to safely and efficiently perform work outdoors in certain regions of the United States, adversely affecting the revenues and profitability of those operations. Unsafe outdoor air quality, such as that resulting from large wildfires in the United States or Canada, could have a similar adverse effect. However, the absence of snow in certain regions of the United States during the winter could also cause us to experience reduced revenues and profitability in our United States building services segment, as a portion of their revenues is generated from snow removal contracts. In addition, cooler than normal temperatures during the summer months could reduce the need for our services, particularly in our businesses that install or service air conditioning units, and result in reduced revenues and profitability during the period that such unseasonal weather conditions persist.

Our business may be affected by the work environment. We perform our work under a variety of conditions, including but not limited to, difficult terrain, challenging site conditions, busy urban centers where delivery of materials and availability of labor may be impacted, clean-room environments where strict procedures must be followed, and sites which contain harsh or hazardous conditions, especially at chemical plants, refineries, and other process facilities. Performing work under these conditions can increase the cost of such work or negatively affect efficiency and, therefore, our profitability.

Our dependence upon fixed price contracts could adversely affect our business. We currently generate, and expect to continue to generate, a significant portion of our revenues from fixed price contracts. We must estimate the total costs of a particular project to bid for fixed price contracts. Cost and scheduling estimates are based on a number of assumptions, including those about future economic conditions, commodity and other materials pricing, cost and availability of labor, equipment, and materials, and supply chain efficiency, among other factors. The actual cost of labor and materials, however, may vary from the costs we originally estimated, something which we have experienced and may continue to experience due to inflationary pressures, supply chain challenges, and rising interest rates. These variations, along with other risks, inherent in the execution of projects subject to fixed price contracts, may cause actual gross profits from projects to differ from those we originally estimated and could result in reduced profitability or losses on projects. Depending upon the size of a particular project, variations from the estimated contract costs can have a significant impact on our operating results for any fiscal quarter or year.

We could incur additional costs to cover certain guarantees or other contractual requirements. In some instances, we guarantee completion of a project by a specific date or price, cost savings, achievement of certain performance standards, or performance of our services at a certain standard of quality. For other arrangements, including those within our government services operations, the terms of our contracts may include provisions which require us to achieve certain minority participation or small or disadvantaged business "set-aside" goals. Such requirements have become more frequent in recent years and we expect them to be increasingly prevalent, especially under the current administration in Washington, D.C. If we subsequently fail to meet such guarantees, or comply with such provisions, we may be held responsible for costs resulting from such failures, including payment of penalties or liquidated or other damages. To the extent that any of these events occur, the total costs of a project could exceed the original estimated costs, and we would experience reduced profits or, in some cases, a loss.

Many of our contracts, especially our building and industrial services contracts, may be canceled or delayed on short notice, and we may be unsuccessful in replacing such contracts if they are canceled or as they are completed or expire. For example, in 2023, our United States building services segment and our United Kingdom building services segment were unsuccessful in retaining certain contracts upon rebid. We could experience a decrease in revenues, net income, and liquidity if any of the following occur:

- customers cancel a significant number of contracts or delay services or projects;
- we fail to win a significant number of our existing contracts upon re-bid;
- we complete a significant number of non-recurring projects and cannot replace them with similar projects; or
- we fail to reduce operating and overhead expenses consistent with any decrease in our revenues.

Uncertainty surrounding the timing of contract awards, or project cancellations or delays, can also present difficulties in matching our workforce size with contract needs. In some cases, in anticipation of contract awards, we maintain and bear the cost of a ready workforce that is larger than necessary under our existing contract portfolio. When a contract is canceled or delayed, or an anticipated contract award is not received, it may result in lower profitability as a result of labor under-utilization, or additional costs resulting from reductions in staff, which could have a material adverse effect on our business, financial condition, and results of operations.

We may be unsuccessful in generating internal growth. Our ability to generate internal growth will be affected by, among other factors, our ability to:

- expand the range of services offered to customers to address their evolving needs;
- attract new customers; and
- retain and/or increase the number of projects performed for existing customers.

In addition, existing and potential customers may reduce the number or size of projects available to us because of general economic conditions or due to their inability to obtain capital or pay for services we provide. Many of the factors affecting our ability to generate internal growth are beyond our control, and we cannot be certain that our strategies will be successful or that we will be able to generate cash flow sufficient to fund our operations and to support internal growth. If we are not successful, we may not be able to achieve internal growth, expand operations, or grow our business.

Fluctuating foreign currency exchange rates impact our financial results. We have operations in the United Kingdom, which in 2023 accounted for approximately 3% of our revenues. Our reported financial position and results of operations are exposed to the effects (both positive and negative) that fluctuating exchange rates have on the process of translating the financial statements of our United Kingdom operations, which are denominated in the British pound, into the U.S. dollar. The factors that impact exchange rate fluctuation, including macroeconomic and geopolitical conditions, are outside the control of the Company.

As part of our risk management strategy, we are effectively self-insured against certain potential liabilities. Although we maintain insurance policies with respect to a broad range of risks, including automobile liability, general liability, workers' compensation, and employee-related healthcare, these policies do not cover all possible claims and certain of the policies are subject to large deductibles and retentions. In addition, we maintain a wholly-owned captive insurance subsidiary to manage certain of our insurance liabilities. Accordingly, we are effectively self-insured for a substantial number of actual and potential claims. Further, if any of our insurance carriers defaulted on its obligations to provide insurance coverage by reason of its insolvency or for other reasons, our exposure to claims would increase and our profits would be adversely affected. Our estimates for unpaid claims and expenses are based on known facts, historical trends, and industry averages, utilizing the assistance of an independent third-party actuary. The determination of such estimated liabilities and their appropriateness are reviewed and updated at least quarterly. However, these liabilities are difficult to assess and estimate due to many relevant factors, the effects of which are often unknown, including the severity of an injury or damage, the determination of liability in proportion to other parties, the timeliness of reported claims, the effectiveness of our risk management and safety programs, denial of coverage by our insurance carriers, and the terms and conditions of our insurance policies and/or customer contracts. Our accruals are based upon known facts, historical trends and our reasonable estimate of future expenses, and we believe such accruals are adequate. However, unknown or changing trends, risks, or circumstances, such as increases in claims, a weakening economy, increases in medical costs, changes in case law or legislation, or changes in the nature of the work we perform, could render our current estimates and accruals inadequate. In such case, adjustments may be required to increase our insurance liabilities in the period that the experience becomes known.

External market conditions, including catastrophic losses resulting from an increase in severe weather events, among other factors, have resulted in an insurance market that is characterized by higher premiums, diminished capacity, and more conservative underwriting. If these market conditions persist, or if we experience an increase in the number or severity of claims incurred, insurance carriers may be unwilling, in the future, to provide our current levels of coverage without a significant increase in insurance premiums, self-insured retention limits, or collateral requirements to cover our obligations to them. Increased collateral requirements may be in the form of additional letters of credit, surety bonds, and/or cash, and an increase in collateral requirements could significantly reduce our liquidity. If insurance premiums or self-insured retention limits increase, and/or if insurance claims are higher than our estimates, our profitability could be adversely affected.

Failure to provide our services in accordance with professional standards or contractual requirements could expose us to significant monetary damages. Our services often involve professional judgments regarding the planning, design, development, construction, or operations and management of complex facilities. Although we have adopted a range of insurance, risk management, and risk avoidance programs designed to reduce potential liabilities, a catastrophic event at one of our project sites or a completed project, resulting from the services we have performed, could result in significant professional or product liability and warranty or other claims against us, as well as reputational harm. These liabilities could exceed our insurance limits or impact our ability to obtain insurance in the future. Further, even where insurance coverage applies, such policies have limits and deductibles or retentions, which could result in our assumption of exposure for certain amounts with respect to any claim filed against us. In addition, customers or subcontractors who have agreed to indemnify us against any such liabilities or losses might refuse or be unable to uphold their obligations to us, or we may be liable to our customers based on the terms of our contracts, which may require us to provide indemnification to them. An uninsured claim, either in part or in whole, as well as any claim covered by insurance but subject to a policy limit, high deductible/retention, or the denial of coverage by an insurance carrier, could have a material adverse effect on our business, financial condition, and results of operations.

Our business strategy relies, in part, on acquisitions to sustain our growth, and these transactions present certain risk and uncertainties. As part of our growth strategy, we acquire companies that expand, complement, and/or diversify our businesses. However, there is no guarantee that we will be successful in identifying targets that meet our requirements for acquisition. We may also face increased competition from other potential acquirers who may have greater financial resources available to them or who may be in a position to offer more favorable terms to the target company. This competition may limit our ability to pursue acquisition opportunities. Additionally, circumstances beyond our control, such as rising interest rates, inflation and potential disruptions resulting from public health emergencies, such as those experienced in connection with the COVID-19 pandemic, may hinder our ability to pursue and complete acquisitions. Further, realization of the anticipated benefits of an acquisition, and avoiding or mitigating the potential risks associated with an acquisition, will depend, among other things, upon our ability to: (a) effectively conduct due diligence to identify and mitigate potential problems at companies we propose to acquire, (b) recognize incompatibilities or other obstacles to the successful integration of the acquired business with our other operations, and (c) gain greater efficiencies and scale that will translate into reduced costs or anticipated synergies in a timely manner. However, there can be no assurance that an acquisition we may make in the future will provide the benefits anticipated when entering into the transaction. Acquisitions we have completed, and future acquisitions we may make, could expose us to operational challenges and risks, including the diversion of management's attention from our existing businesses, the failure to retain key personnel or customers of the acquired business, and the assumption of unknown liabilities of the acquired business for which there are inadequate reserves. Our ability to sustain our growth and maintain our competitive position may be affected by our ability to identify and acquire desirable businesses and successfully integrate any acquired business.

In addition, while we work to rapidly implement or maintain internal controls and financial reporting standards and procedures in the businesses we acquire, including integrating such acquired businesses into our consolidated financial reporting systems and controls, we cannot be certain that such implementation and integration will be quickly and effectively completed. Our internal control processes and procedures with respect to such businesses may need to be adjusted or enhanced in order to ensure that such businesses are in compliance with the regulations we are subject to as well as our internal policies and standards. Such changes could result in significant additional costs to us and could require the diversion of management's attention from our existing businesses or other strategic initiatives.

Amounts included in our remaining performance obligations may not result in actual revenues or translate into profits. Many contracts are subject to cancellation or suspension on short notice at the discretion of the client, and the contracts in our remaining performance obligations are subject to changes in the scope of services to be provided as well as adjustments to the costs relating to the contract. The risk of contracts included in our remaining performance obligations being delayed or canceled generally increases during economic slowdowns, periods of restrictive credit markets, or in response to significant fluctuations in commodity prices. Accordingly, there is no assurance that revenue from remaining performance obligations will actually be realized. If our remaining performance obligations fail to materialize, we could experience a decline in profitability, which could result in a deterioration of our financial position and liquidity.

We recognize revenue for the majority of our construction projects based on estimates; therefore, variations of actual results from our assumptions may reduce our profitability. As discussed in further detail in the "Critical Accounting Policies and Estimates" section included in Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations, revenue is recognized as performance obligations are satisfied and earnings or losses recognized on individual contracts are based on estimates of contract price, costs, and profitability. Changes in estimates of transaction prices as well as estimated costs are recognized on a cumulative catch-up basis in the period in which the revisions to the estimates are made. Consequently, changes in estimates, or variations of actual results from previous projections, on an unusually large project, or on a number of average size projects, could be material and could have an adverse impact on our financial condition, results of operations, and cash flows.

We are increasingly dependent on sophisticated information technology systems; our business and results of operations are subject to adverse impacts due to disruption, failure, and cybersecurity breaches of these systems. We and our customers and third-party providers rely on information technology systems, hardware, and software, including third party "cloud based" systems, to run critical accounting, project management, and financial information systems. We rely upon security measures, systems redundancy, and third-party products and services to attempt to secure our information technology systems and the confidential, proprietary, and sensitive information they contain. However, our information technology systems and data, and that of our customers and third-party providers, are subject to cybersecurity incidents, such as hacking, computer viruses or other malicious or destructive software, ransomware, denial of service attacks, malicious social engineering and other intrusions, encryption, erasure, failure, and damage by individuals (which may include our and our third party providers' employees), groups or nation states or state-sponsored threats. Such cybersecurity incidents could result in operational disruption and information misappropriation, such as theft of intellectual property or inappropriate disclosure of customer data or confidential, sensitive, or personal information, or in reputational harm with customers. While we maintain insurance coverage for these types of cybersecurity incidents, such policies may not completely provide coverage for, or completely offset, the costs associated with such incidents, including losses from reputational harm or the costs to improve security against future similar threats. We are continuously developing and enhancing our controls, processes, and practices designed to protect our systems, computers, software, data, and networks from attack, damage, or unauthorized access. This continued development and enhancement requires us to expend additional resources. However, we may not anticipate or combat all types of potential disruptions or breaches. Threats are continually evolving and threat actors may adopt new or different means of breaching our information technology systems and data, including the potential use of artificial intelligence ("AI") tools to engage in automated, targeted, and coordinated attacks. As cybersecurity threats become more sophisticated and difficult to detect, our ability to promptly prevent, detect and mitigate the effects of cybersecurity incidents may be impacted, potentially resulting in more material adverse effects. As such threats increase in frequency and sophistication, we could be required to expend additional capital and other resources, including costs to deploy additional personnel and protection technologies, train employees, and engage third-party experts and consultants. Additionally, as many of our employees use our information technology systems to collaborate with colleagues in different geographic locations and access our systems and those of our customers remotely, we and our customers may be subject to heightened security risks, including the risks of cyber-attacks. For additional information on our strategy and processes for assessing, identifying, and managing the risks posed by cybersecurity threats, and the management and oversight of such efforts, refer to Part I, Item 1C. Cybersecurity.

The proper functioning of our information technology systems could also be impacted by other causes and circumstances beyond our control, including malware embedded in third party applications, the decision by software vendors to discontinue further development, integration, or long-term software maintenance support for our information systems, or hardware interruption, damage or disruption as a result of power outages, natural disasters, or computer network failures. Errors or other defects in the design or implementation of hardware or software applications by our employees or third-party providers could also disrupt our networks, information systems or data. System redundancy may be ineffective or inadequate, and the Company's disaster recovery and business continuity planning may not be sufficient to address all potential cybersecurity incidents or other disruptions. We may also utilize new information technology tools, including AI tools, in certain business functions, and such tools could be subject to malfunction, security vulnerabilities, or algorithmic flaws (including AI generation of false or biased information). Unsettled regulations and case law regarding the ownership of intellectual property generated or used by AI could also expose us to claims of copyright or license infringement or other liability resulting from our use of such tools. Key business processes are subject to interruption to the extent that our information technology systems, or those of our customers or third-party providers, are disabled for a long period of time. Such operational disruptions and/or misappropriation or inappropriate disclosure of information could result in lost or reduced revenues, negative publicity, loss of customers or contracts, or business delays that could have a material adverse effect on our business, financial position, and results of operations.

In addition, new or evolving laws and regulations governing data privacy and the unauthorized disclosure of confidential information, including the European Union General Data Protection Regulation ("GDPR"), the California Consumer Privacy Act, the California Privacy Rights Act, state biometric laws, and other emerging U.S. state privacy laws pose increasingly complex compliance challenges and could potentially elevate our compliance costs. Any failure to comply with these laws and regulations, or an exposure or exfiltration of information covered by such laws and regulations, including, without limitation, in connection with a cybersecurity incident, could result in significant penalties and legal liability, and increased costs in this area could have a negative impact on our reputation and our financial condition, results of operations, and cash flow.

Financial Risk Factors

A material portion of our business depends on our ability to provide surety bonds. We may be unable to compete for or work on certain projects if we are not able to obtain the necessary surety bonds. Our construction contracts frequently require that we obtain from surety companies, and provide to our customers, payment and performance bonds as a condition to the award of such contracts. Such surety bonds secure our payment and performance obligations. Under standard terms in the surety market, surety companies issue bonds on a project-by-project basis and can decline to issue bonds at any time or require the posting of collateral as a condition to issuing any bonds. Current or future market conditions, as well as changes in our sureties' assessment of our or their own operating and financial risk, could cause our surety companies to decline to issue, or substantially reduce the amount of, bonds for our work or to increase our bonding costs. These actions can be taken on short notice. If our surety companies were to limit or eliminate our access to bonding, our alternatives would include seeking bonding capacity from other surety companies, increasing business with clients that do not require bonds, or posting other forms of collateral for project performance, such as letters of credit, parent company guarantees, or cash.

However, we may be unable to secure these alternatives in a timely manner, on acceptable terms, or at all. Accordingly, if we were to experience an interruption or reduction in the availability of bonding, we may be unable to compete for or work on certain projects. Increases in the costs of surety bonds could also adversely impact our profitability.

Our results of operations could be adversely affected as a result of goodwill and identifiable intangible asset impairments. When we acquire a business, we record an asset called "goodwill" equal to the excess of the consideration transferred over the fair value of the net tangible and identifiable intangible assets acquired. Goodwill and indefinite-lived intangible assets are not amortized but instead evaluated for impairment annually, or more frequently if events or circumstances indicate that the carrying amount of the asset may be impaired. Impairment may result from a deterioration in macroeconomic conditions, declining financial performance, deterioration in the operational environment, or changes in the manner in which acquired assets are used. Significant judgment is required in determining whether goodwill and indefinite-lived intangible assets are impaired and assumptions utilized for purposes of our impairment testing may change in future periods. There can be no assurance that our estimates and assumptions will prove to be accurate predictions of the future. Significant adverse changes to external market conditions or our internal forecasts, if any, could result in future impairment charges. It is not possible at this time to determine if any future impairment charge will result or, if it does, whether such a charge would be material to our results of operations. For further discussion of our impairment testing, see Note 8 - Goodwill, Identifiable Intangible Assets, and Other Long-Lived Assets included in Item 8. Financial Statements and Supplementary Data.

Failure to maintain effective internal controls over financial reporting could adversely impact our ability to timely and accurately report financial results and comply with our reporting obligations, which could materially affect our business. Regardless of how internal financial reporting control systems are designed, implemented, and enforced, they cannot ensure with absolute certainty that our policy objectives will be met in every instance. Because of the inherent limitations of all such systems, our internal controls over financial reporting may not always prevent or detect misstatements. Failure to maintain effective internal control over financial reporting could adversely affect our ability to accurately and timely report financial results, to prevent or detect fraud, or to comply with the requirements of the SEC or the Sarbanes-Oxley Act of 2002, which could necessitate a restatement of our financial statements, and/or result in an investigation, or the imposition of sanctions, by regulators. Such failure could additionally expose us to litigation and/or reputational harm, impair our ability to obtain financing, or increase the cost of any financing we obtain. All of these impacts could adversely affect the price of our common stock and our business overall.

Legal and Regulatory Risk Factors

We are subject to many laws and regulations in the jurisdictions in which we operate; changes to such laws and regulations may result in additional costs and impact our operations. We are committed to upholding the highest standards of corporate governance and legal and ethical compliance. We are subject to many laws and regulations, including various laws and regulations that apply specifically to U.S. public companies. These include the rules and regulations of the New York Stock Exchange, the Sarbanes-Oxley Act of 2002, and the Dodd-Frank Wall Street Reform and Consumer Protection Act, as well as the various regulations, standards, and guidance put forth by the SEC and other federal and state governmental agencies to implement and enforce those laws. New laws, rules, and regulations, or changes to existing laws or their interpretations, could

create added legal and compliance costs and uncertainty for us. In addition, our United Kingdom operations are subject to laws and regulations that are in some cases different from those of the United States, including labor laws such as the U.K. Modern Slavery Act and laws and regulations governing information collected from employees, customers and others, specifically the GDPR. These laws and regulations could increase the cost and complexity of doing business in the U.K. and negatively impact our financial position and results of operations. Our efforts to comply with evolving laws, regulations, and reporting standards may increase our general and administrative expenses, divert management time and attention, or limit our operational flexibility, all of which could have a material adverse effect on our business, financial position, and results of operations. Many of our non-public competitors and competitors operating solely in the U.S. are not subject to these laws and regulations and the related costs and expenses of compliance.

Our failure to comply with environmental laws could result in significant liabilities. Our operations are subject to various laws, including environmental laws and regulations, among which many deal with the handling and disposal of hazardous or universal waste products, polychlorinated biphenyls (PCBs), per- and polyfluoroalkyl substances (PFAS), and fuel storage. A violation of such laws and regulations, or a release of or exposure to such substances, including mold, lead paint, and asbestos, has and may in the future, expose us to various claims, including claims by third parties, as well as remediation costs and fines. We own and lease many facilities. Some of these facilities contain hazardous materials, such as asbestos, and fuel storage tanks, which may be above or below ground. If there is a release of such hazardous materials, or these tanks were to leak, we could be responsible for the cost of remediation as well as potential fines. As a part of our business, we also install fuel storage tanks and are sometimes required to deal with hazardous materials, all of which may expose us to environmental liability.

In addition, new laws and regulations, stricter enforcement of existing laws and regulations, the discovery of previously unknown contamination or leaks, exposure to or the release of materials subsequently identified as hazardous by a governmental authority, the imposition of new clean-up requirements, or the exposure of our employees or other contractors to hazardous materials, could require us to incur significant costs or become the basis for new or increased liabilities that could harm our financial position and results of operations, although certain of these costs might be covered by insurance. In some instances, we have obtained indemnification or covenants from third parties (including predecessors or lessors) for such clean-up and other obligations and liabilities, and we believe such indemnities and covenants are adequate to cover such obligations and liabilities. However, such third-party indemnities or covenants may not cover all of such costs or third-party indemnitors may default on their obligations. In addition, unanticipated obligations or liabilities, or future obligations and liabilities, may have a material adverse effect on our business operations. Further, we cannot be certain that we will be able to identify, or be indemnified for, all potential environmental liabilities relating to any acquired business.

Adverse resolution of litigation and other legal and regulatory proceedings may harm our operating results or financial position. From time to time, we are a party to lawsuits and other legal proceedings, most of which occur in the normal course of our business. These actions and proceedings may involve actual or threatened claims by customers, employees, or other third parties for, among other things, compensation or indemnification for alleged personal injury, workers' compensation, employment discrimination, breach of contract, property damage, or other general commercial disputes. In addition, we have been, and may in the future be, subject to class action claims alleging violations of the Fair Labor Standards Act and state wage and hour laws. Litigation and other legal proceedings can be expensive, lengthy, and disruptive to normal business operations, and their outcome is inherently uncertain and difficult to accurately predict or quantify. In addition, plaintiffs in many types of actions may seek punitive damages, civil penalties, consequential damages or other losses, or injunctive or declaratory relief. An unfavorable resolution of a particular legal proceeding or claim, whether through a settlement, mediation, court judgment, or otherwise, could have a material adverse effect on our business, operating results, financial position, and cash flows, and in some cases, on our reputation or our ability to obtain projects from customers, including governmental entities. See Item 3. Legal Proceedings and Note 15 - Commitments and Contingencies of the notes to consolidated financial statements included in Item 8. Financial Statements and Supplementary Data, for more information regarding any significant legal proceedings in which we are involved.

We may incur liabilities or suffer negative financial impacts relating to occupational, health, and safety matters. Our operations are subject to extensive laws and regulations relating to the maintenance of safe conditions in the workplace. While we have invested, and will continue to invest, substantial resources in our robust occupational, health, and safety programs, many of our businesses involve a high degree of operational risk, and there can be no assurance that we will avoid significant exposure. These hazards can cause personal injury and loss of life, severe damage to or destruction of property and equipment, and other consequential damages, and could lead to suspension of operations, large damage claims, an increase in employee turnover, and, in extreme cases, criminal liability. Any of the foregoing could result in financial losses or reputational harm, which could have a material adverse impact on our business, financial condition, and results of operations.

Our customers seek to minimize safety risks on their sites and they frequently review the safety records of contractors during the bidding process. Accordingly, if our safety record were to substantially deteriorate over time, we might become ineligible to bid on certain work and our customers could cancel our contracts and/or not award us future business.

Our failure to comply with anti-bribery statutes, such as the Foreign Corrupt Practices Act and the U.K. Bribery Act of 2010, or sanction regulations, could result in fines, criminal penalties, and other sanctions that could have an adverse effect on our business. The U.S. Foreign Corrupt Practices Act (the “FCPA”), the U.K. Bribery Act of 2010 (the “Bribery Act”), and similar anti-bribery laws in other jurisdictions generally prohibit companies and their intermediaries from making improper payments to foreign officials for the purpose of obtaining or retaining business or securing an improper advantage. In addition, sanctions against foreign persons and entities have increased in recent years, especially as a result of the war in the Ukraine. Our policies require that all of our employees, subcontractors, vendors, and agents worldwide must comply with applicable anti-bribery and sanction laws. However, there is no assurance that our policies and procedures to ensure compliance with the FCPA, the Bribery Act, and similar anti-bribery and sanction laws, will eliminate the possibility of liability under such laws for actions taken by our employees, agents, and intermediaries. If we were found to be liable for violations under the FCPA, the Bribery Act, or similar anti-bribery or sanction laws, either due to our own acts or omissions or due to the acts or omissions of others, we could incur substantial legal expenses and suffer civil and criminal penalties, which could have a material adverse effect on our business, financial condition, and results of operations, as well as our reputation. In addition, whether or not such expenses, penalties, or sanctions are actually incurred, the actual or alleged violation of the FCPA, the Bribery Act, or any similar anti-bribery or sanction laws could have a negative impact on our reputation.

Opportunities within the government sector could lead to increased governmental rules and regulations applicable to us. When we perform work as a federal government contractor/subcontractor, or if we perform work on a project that has received federal government funding, we are subject to a number of procurement rules and other regulations, any deemed violation of which could lead to fines or penalties or a loss of business. Government agencies routinely audit and investigate government contractors. Government agencies may review a contractor’s performance under its contracts, cost structure, and compliance with applicable laws, regulations, and standards. If government agencies determine through these audits or reviews that costs are improperly allocated to specific contracts, they will not reimburse the contractor for those costs or may require the contractor to refund previously reimbursed costs. If government agencies determine that we are engaged in improper activity, we may be subject to civil and criminal penalties and debarment or suspension from doing business with the government. Government contracts are also subject to renegotiation of terms by the government, termination by the government prior to the expiration of the term, and non-renewal by the government.

Human Capital and Labor Risk Factors

The departure of key personnel could disrupt our business. We depend on the continued efforts of our senior management. The loss of key personnel, including a temporary loss as a result of illness, or the inability to hire and retain qualified executives, could negatively impact our ability to manage our business.

We may be unable to attract and retain skilled employees. Our ability to grow and maintain productivity and profitability will be limited by our ability to employ, train, and retain skilled personnel necessary to meet our requirements. We are dependent upon a workforce of approximately 38,300 employees, including our project managers and field supervisors who are responsible for managing our projects, and there can be no assurance that any individual will continue in his or her capacity for any particular period of time. The loss of such qualified employees could have an adverse effect on our business. We cannot be certain that we will be able to maintain an adequate skilled labor force necessary to operate efficiently and to support our business strategy or that labor expenses will not increase as a result of a shortage in the supply of these skilled personnel. The availability and costs to adequately train and maintain a skilled labor force could be impacted by factors we cannot control, including changes in the unemployment rate, prevailing wage rates, benefit costs, potential labor force disruptions resulting from public health emergencies, such as those experienced in connection with the COVID-19 pandemic, and competition for labor from our competitors in the markets we serve. Labor shortages or increased labor costs, such as those currently being experienced throughout the United States and United Kingdom, could impair our ability to provide services to our customers, maintain our business, or grow our revenues. Proposed rules by the Federal Trade Commission to eliminate almost all non-competition agreements with employees, if implemented, may also impact retention of key employees by reducing barriers to individuals with such agreements leaving to work for our competitors.

Our unionized workforce could adversely affect our operations; our participation in many multiemployer pension plans could result in substantial liabilities being incurred. As of December 31, 2023, approximately 60% of our employees were covered by collective bargaining agreements. However, only two of our collective bargaining agreements are national or regional in scope, and not all of our collective bargaining agreements expire at the same time. Although the majority of these agreements prohibit strikes and work stoppages, we cannot be certain that strikes or work stoppages will not occur in the future. Strikes or work stoppages likely would adversely impact our relationships with our customers and could have a material adverse effect on our financial position, results of operations, and cash flows.

We contribute to approximately 200 multiemployer pension plans. Under the Employee Retirement Income Security Act, we may become liable for our proportionate share of a multiemployer pension plan's underfunding if we cease to contribute to that pension plan or significantly reduce the employees in respect of which we make contributions to that pension plan. Our potential liability for unfunded liabilities could be material. See Note 14 - Retirement Plans of the notes to consolidated financial statements included in Item 8. Financial Statements and Supplementary Data for additional information regarding multiemployer pension plans.

Risk Factors Related to the Ownership of our Common Stock

Certain provisions of our corporate governance documents could make an acquisition of us, or a substantial interest in us, more difficult. The following provisions of our certificate of incorporation and by-laws, as currently in effect, as well as Delaware law, could discourage potential proposals to acquire us, delay or prevent a change in control of us, or limit the price that investors may be willing to pay in the future for shares of our common stock:

- our certificate of incorporation permits our board of directors to issue "blank check" preferred stock and to adopt amendments to our by-laws;
- our by-laws contain restrictions regarding the right of our stockholders to nominate directors and to submit proposals to be considered at stockholder meetings;
- our certificate of incorporation and by-laws limit the right of our stockholders to call a special meeting of stockholders and to act by written consent; and
- we are subject to provisions of Delaware law, which prohibit us from engaging in any of a broad range of business transactions with an "interested stockholder" for a period of three years following the date such stockholder becomes classified as an interested stockholder.

Climate Change Related Risk Factors

Climate change and related environmental issues could have a material adverse impact on our business, financial condition, and results of operations. Climate change related events, such as increased frequency and severity of storms, floods, wildfires, droughts, hurricanes, freezing conditions, and other natural disasters, may have an adverse impact on our business, financial condition, and results of operation. While we have invested in programs to mitigate the risk that these events disrupt our ability to serve our customers, and also maintain insurance coverage to offset the costs which could result, these events pose inherent risks regardless of where or how we conduct our business. For example, severe weather or a catastrophic natural disaster could negatively impact our and our customers' offices, facilities, or job sites. Access to clean water and reliable energy where we conduct our business is also critical to our operations. Accordingly, severe weather events or natural disasters have the potential to disrupt our and our customers' businesses and may cause us to experience work stoppages, project delays or cancellations, financial losses, and additional costs to resume operations, in addition to potential adverse impacts on the health and safety of our workforce and their ability to work or travel. Further, climate change poses direct physical risks to infrastructure across the market sectors we serve, both as a result of chronic environmental changes, such as rising sea levels and temperatures, as well as acute events, such as hurricanes, droughts, and wildfires. These impacts, and the costs to address them, could result in fewer resources for strategic investment by our customers, which could result in a decrease in demand for certain of our services. Any of these events could have a material adverse impact on our business, financial condition, and results of operations.

We may be affected by market or regulatory responses to climate change. Growing public concern about climate change has resulted in the increased focus of local, state, regional, national, and international regulatory bodies on greenhouse gas ("GHG") emissions and climate change issues. Legislation to regulate GHG emissions has periodically been introduced in the U.S. Congress, and there has been a wide-ranging policy debate, both in the United States and internationally, regarding the impact of these gases and possible means for their regulation. The Biden Administration has made climate change and the limitation of GHG emissions one of its primary objectives, including a renewed commitment to the Paris Agreement and a Nationally Determined Contribution under such agreement that aims to reduce U.S. emissions by 50-52%, compared to a 2005 baseline, by 2030. Several states in the United States have also adopted laws that require reporting of GHG emissions, or that a percentage of our fleet be comprised of electric vehicles. Such laws or regulations enacted by the federal government or state and local governments or agencies, and/or any international agreements to which the United States may become a party that control or limit GHG emissions or otherwise seek to address climate change, could result in increased compliance costs for us and our clients or have other impacts on our clients, including those who are involved in the exploration, production, or refining of fossil fuels, or who emit greenhouse gases through the combustion of fossil fuels or through the mining, manufacture, utilization, or production of materials or goods. Such policy changes could increase the costs of projects for our clients or, in some cases, prevent a project from going forward, thereby potentially reducing the need for certain of our services, which could in turn have a material adverse effect on our business, financial condition, and results of operations. In addition, compliance with legislation requiring us to increase the mix of electric vehicles within our fleet will be difficult as the electric vehicles

currently available do not meet our fleet requirements. However, policy changes and climate legislation could also increase the overall demand for our services as our clients and partners work to comply with these policies, such as by decarbonizing their industries, transitioning from fossil fuels to renewable energy sources, reducing their energy consumption, and developing integrated and sustainable solutions, all of which could have a positive impact on our business. We cannot predict with certainty what the effect of such regulation may be on us or our customers.

In addition, in March 2022, the SEC proposed new rules that would require significant climate-related disclosures by public companies, including evaluation and disclosure of material climate-related risks and opportunities, GHG emissions inventory, climate-related targets and goals, and financial impacts of physical and transition risks. Subsequently, other legislation, including certain state laws, have been passed that would require similar climate-related disclosure. Compliance with these new rules may increase our legal, accounting, and other compliance expenses and may divert management time and attention. We may also be exposed to legal or regulatory action or claims as a result of these new regulations. All of these risks could have a material adverse effect on our business, financial position, and/or stock price.

We may be unable to achieve our current or future climate commitments and targets, or we may incur substantial costs in meeting such targets. To help mitigate the impacts of GHG emissions on climate change, EMCOR has established initial carbon-based fuel consumption and GHG emission reduction targets and committed to investigating the establishment of science-based GHG emissions targets. However, achievement of such targets, or similar targets that may be established in the future, is subject to risks and uncertainties, many of which are outside of our control. These risks and uncertainties include, but are not limited to: (a) our ability to execute our operational strategies and achieve our goals within the currently projected costs and the expected timeframes; (b) the availability and cost of alternative fuels, electrical charging infrastructure, off-site renewable energy, and other materials and components; (c) unforeseen design, operational, and technological difficulties; (d) the outcome of research efforts and future technology developments, including alternate or more fuel efficient vehicles for our fleet, such as hybrid or electric vehicles, the availability of which has been impacted by the global shortage in supply of vehicles generally; (e) regulations and requirements that restrict or prohibit our ability to impose requirements on third party contractors; (f) an acquisition of or merger with another company that has not adopted similar targets and goals or whose progress towards reaching its goals is not as advanced as ours; and (g) exogenous macroeconomic or supply chain shocks, such as those experienced during the COVID-19 pandemic, which could result in fluctuations in our fuel consumption and GHG emissions in a given period. In addition, we could be required to expend amounts in future periods as we continue to work towards achieving our targets, which may have a material effect on our business, financial condition, results of operations, or liquidity.

General Risk Factors

Public health emergencies, epidemics, or pandemics impact our business. The global spread of COVID-19, and the responses of governments, businesses, and individuals to combat it, caused significant volatility, uncertainty, and economic disruption, which adversely impacted our operations and those of our customers. A renewed significant spread of COVID-19, new variants thereof, or new infectious diseases, could lead to similar impacts. Government authorities in the United States and United Kingdom have at various times recommended or imposed certain social distancing, quarantine, and isolation measures to varying degrees, with many such measures impacting large portions of the population, including limitations on travel and mandatory cessation of certain business activities. Both the outbreak and the containment and mitigation measures resulted in serious adverse impacts on the economy, and it is possible that such measures could return for future public health emergencies. The impact to our business and operations in another public health emergency will depend in part on the severity and duration of those measures and the extent and pace of economic recovery, which are difficult to predict.

Our workforce and operations were impacted by the COVID-19 pandemic. For example, we experienced disruptions that impacted our ability to perform our work. Such impacts included, but were not limited to, access restrictions and temporary job site shutdowns, reduced labor efficiency resulting from adherence to physical distancing, quarantine, and isolation requirements due to illness or exposure to an infected person, and other enhanced safety protocols mandated at the majority of our worksite locations, and the deferral of maintenance and service projects by our customers. The extent to which another epidemic, pandemic or public health emergency could impact our business and results of operations in the future remains highly uncertain and will be affected by a number of factors, which could have a material adverse effect on our business, financial condition, results of operations, and/or stock price.

Additionally, public health emergencies may result in more of our employees accessing our systems remotely as a result of potential business or facility closures or reduced or staggered in-person attendance in response to such emergencies. This remote access may subject us to heightened security risks, including the risks of cyber-attacks. Further, if any of our key personnel are unable to perform their duties for a period of time, including as a result of illness, our results of operations could be adversely affected.

Terrorist attacks and other catastrophic events could disrupt our operations and services . Acts of terrorism and other catastrophic events, and the actions taken by the United States and/or other governments or actors in response to such events, may result in property damage, supply disruption, or economic dislocations throughout the country. Although it is not possible to predict such events or their consequences, these events could increase the volatility of our financial results due to decreased demand and unforeseen costs, with partial or no corresponding compensation from clients.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 1C. CYBERSECURITY

Board Risk Oversight. Our Board of Directors (the "Board") oversees our policies, procedures, and processes related to risk management, including assessing, identifying, and managing risks from cybersecurity threats. This oversight is performed primarily through the Audit Committee. The Board has delegated to the Audit Committee responsibility for reviewing, with management, the guidelines and policies with respect to: (a) risk assessment and risk management, (b) our major risk exposures, and (c) the steps management has taken to monitor and control such exposures.

The Audit Committee receives periodic reports relating to risk assessment and risk management, including cybersecurity threats, from our senior management, including our Chief Executive Officer, Chief Financial Officer, General Counsel, Chief Information Security Officer, the head of our Internal Audit Department, and our Vice President of Risk Management. A cybersecurity update is provided to the Audit Committee at least quarterly. Members of our Audit Committee, and certain of our executive officers, including our Chief Executive Officer, General Counsel, and Chief Information Security Officer, are participants in IANS, an industry leading cybersecurity education platform. Our Chief Information Security Officer has more than 40 years of experience in security practice, processes, and standards, and holds various cybersecurity certifications.

Governance, Risk Management, and Strategy. As part of our overall risk management process, we have established a cybersecurity program and dedicated teams to manage and assess material risks from cybersecurity threats, direct the policies and procedures in place to protect our information systems, and respond to cybersecurity incidents if they occur. These teams and committees, which additionally monitor the prevention, detection, and remediation of cybersecurity incidents, include the following:

- Our Cybersecurity Executive Council, which is comprised of executive leadership, including our Chief Executive Officer, General Counsel, Chief Information Security Officer, and senior leaders from our segments and key operating companies. The Cybersecurity Executive Council is responsible for reviewing policies and procedures related to cybersecurity and our cybersecurity program. Such policies and procedures, as well as our cybersecurity program generally, are discussed with the Board.
- Our Cybersecurity Compliance Committee, which is made up of key cybersecurity and information technology personnel at the segment and operating company levels, receives regular updates and training with respect to cybersecurity in order to advise and assist management, including the Cybersecurity Executive Council, in implementing information systems security and incident response at our operating companies.

Our cybersecurity program is managed by our Chief Information Security Officer, who has more than 40 years of experience in information security, both in private industry and as an active-duty member of the United States Air Force. Such experience includes developing security practices, processes, and standards, leading security teams, managing incident response and implementing technologies to enhance security and compliance.

We have also implemented cybersecurity training. For example, key information technology and security personnel meet biweekly for training, updates on new cybersecurity threats, and implementation of new policies and all employees are required to undergo annual cybersecurity training, including email and password safety and phishing detection.

We engage third party cybersecurity firms to support our in-house cybersecurity initiatives and provide additional expertise with respect to our cybersecurity programs. Such firms are overseen by our General Counsel and Chief Information Security Officer and provide the following services:

- On an annual basis, conduct penetration testing to evaluate the susceptibility of our information systems to cybersecurity threats and the effectiveness of our cybersecurity program;
- On a biennial basis, conduct a comprehensive "tabletop" exercise to evaluate our incident response policies and procedures and provide relevant experience for our employees tasked with executing such response; and
- On a biennial basis, conduct a cybersecurity assessment based on the National Institute of Standards and Technology's Cybersecurity Framework.

We have also established a process to evaluate third-party vendors and suppliers for cybersecurity risk and compliance with our security standards. As applicable, on an annual basis we review System and Organization Controls (SOC) 1 reports for all significant third-party vendors.

In addition to the efforts discussed above, we have developed and maintain an Incident Response Plan to establish a process for addressing cybersecurity incidents. The Incident Response Plan includes incident response teams in place at the corporate and operating company levels to respond to a potential cybersecurity incident, processes for internal and external reporting, and other procedures to facilitate response and coordination.

As of the date of this report, we have not experienced a cybersecurity incident that resulted in a material effect on our business strategy, results of operations, or financial condition. Like other companies, we are the target of cyberattacks. In 2020, for example, we publicly announced that we were the target of a systems intrusion in which a third party infected certain of the Company's systems with malware. Although we were able to resolve that matter without material impact, we cannot provide assurance that we will not be materially affected in the future by cybersecurity risks or any future material incidents. For more information, see Item 1A. Risk Factors, including the risk factor titled "We are increasingly dependent on sophisticated information technology systems; our business and results of operations are subject to adverse impacts due to disruption, failure and cybersecurity breaches of these systems."

ITEM 2. PROPERTIES

We own a limited number of facilities; however, the majority of our operations are conducted at leased properties, which are located throughout the United States and United Kingdom. These properties consist of offices, warehouses, fabrication shops, and maintenance and cleaning facilities. We do not consider any one of these locations to be material to our operations. We believe that our facilities are well maintained, in good operating condition, and suitable for the purposes for which they are used.

See Note 16 - Leases of the notes to consolidated financial statements included in Item 8. Financial Statements and Supplementary Data for additional information regarding our leases. We utilize substantially all of our leased or owned facilities and believe there will be no difficulty either in negotiating the renewal of such leases as they expire or in finding alternative space, if necessary.

ITEM 3. LEGAL PROCEEDINGS

We are involved in several legal proceedings in which damages and claims have been asserted against us. We believe that we have a number of valid defenses to such proceedings and claims and intend to vigorously defend ourselves. We do not believe that any such matters will have a material adverse effect on our financial position, results of operations, or liquidity. We record a loss contingency if the potential loss from a proceeding or claim is considered probable and the amount can be reasonably estimated or a range of loss can be determined. We provide disclosure when it is reasonably possible that a loss will be incurred in excess of any recorded provision. Significant judgment is required in these determinations. As additional information becomes available, we reassess prior determinations and may change our estimates. Additional claims may be asserted against us in the future. Litigation is subject to many uncertainties, and the outcome of litigation is not predictable with assurance. It is possible that a litigation matter for which liabilities have not been recorded could be decided unfavorably to us, and that any such unfavorable decision could have a material adverse effect on our financial position, results of operations, or liquidity.

ITEM 4. MINE SAFETY DISCLOSURES

Information concerning mine safety violations or other regulatory matters required by Section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act and Item 104 of Regulation S-K (17 CFR 229.104) is included in Exhibit 95.1 to this Form 10-K.

EXECUTIVE OFFICERS OF THE REGISTRANT

Anthony J. Guzzi, Age 59; President since October 2004, Chief Executive Officer since January 2011 and Chairman of the Board since June 2018. From October 2004 to January 2011, Mr. Guzzi served as Chief Operating Officer of the Company. From August 2001 until he joined the Company, Mr. Guzzi was President of the North American Distribution and Aftermarket Division of Carrier Corporation (“Carrier”). Carrier is a manufacturer and distributor of commercial and residential HVAC and refrigeration systems and equipment and a provider of aftermarket services and components of its own products and those of other manufacturers in both the HVAC and refrigeration industries.

Mark A. Pompa, Age 59; Executive Vice President and Chief Financial Officer of the Company since April 2006 and Treasurer of the Company from October 2019 to June 2020. From June 2003 to April 2006, Mr. Pompa was Senior Vice President-Chief Accounting Officer of the Company, and from June 2003 to January 2007, Mr. Pompa also served as Treasurer of the Company. From September 1994 to June 2003, Mr. Pompa was Vice President and Controller of the Company. On December 15, 2023, the Company announced that Mr. Pompa will step down as Executive Vice President and Chief Financial Officer and depart from the Company, effective as of April 1, 2024. Mr. Pompa will be succeeded by Jason R. Nalbandian, the Company's Senior Vice President and Chief Accounting Officer, who will be promoted to Chief Financial Officer effective April 1, 2024, as previously announced.

R. Kevin Matz, Age 65; Executive Vice President-Shared Services of the Company since December 2007 and Senior Vice President-Shared Services from June 2003 to December 2007. From April 1996 to June 2003, Mr. Matz served as Vice President and Treasurer of the Company and Staff Vice President-Financial Services of the Company from March 1993 to April 1996. On December 15, 2023, the Company announced that Mr. Matz will step down as Executive Vice President-Shared Services and depart from the Company, effective as of April 1, 2024.

Maxine L. Mauricio, Age 52; General Counsel and Secretary of the Company since January 2016, Executive Vice President since February 2021, and Chief Administrative Officer since December 2023. Ms. Mauricio was a Senior Vice President of the Company from January 2016 to February 2021. From January 2012 to December 2015, Ms. Mauricio was Vice President and Deputy General Counsel of the Company, and from May 2002 to December 2011, she served as Assistant General Counsel of the Company. Prior to joining the Company, Ms. Mauricio was an associate at Ropes & Gray LLP.

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

Market Information. Our common stock trades on the New York Stock Exchange under the symbol "EME."

Holders. As of February 22, 2024, there were approximately 585 stockholders of record.

Dividends. We have paid quarterly dividends since October 25, 2011. We expect that such quarterly dividends will be paid for the foreseeable future. Prior to October 25, 2011, no cash dividends had been paid on the Company's common stock. We currently pay a regular quarterly dividend of \$0.18 per share. Subsequent to December 31, 2023, our Board of Directors announced its intention to increase the regular quarterly dividend to \$0.25 per share commencing with the dividend to be paid in April 2024. Our 2023 Credit Agreement places limitations on the payment of dividends on our common stock. However, we do not believe that the terms of such agreement currently materially limit our ability to pay such quarterly dividends for the foreseeable future. See Note 9 - Debt of the notes to consolidated financial statements included in Item 8. Financial Statements and Supplementary Data for further information regarding our 2023 Credit Agreement.

Purchase of Equity Securities by the Issuer and Affiliated Purchasers

The following table summarizes repurchases of our common stock made by us during the quarter ended December 31, 2023:

Period	Total Number of Shares Purchased ⁽¹⁾⁽²⁾	Average Price Paid Per Share ⁽³⁾	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares That May Yet be Purchased Under the Plan or Programs
October 1, 2023 to October 31, 2023	114,292	\$196.09	114,292	\$261,064,294
November 1, 2023 to November 30, 2023	—	—	—	\$261,064,294
December 1, 2023 to December 31, 2023	—	—	—	\$261,064,294
Total	114,292	\$196.09	114,292	

(1) In September 2011, our Board of Directors (the "Board") authorized a share repurchase program allowing us to begin repurchasing shares of our outstanding common stock. Subsequently, the Board has from time to time increased the amount of our common stock that we may repurchase under such program. Since the inception of the repurchase program, the Board has authorized us to repurchase up to \$2.15 billion of our outstanding common stock. As of December 31, 2023, there remained authorization for us to repurchase approximately \$261.1 million of our shares. No shares have been repurchased by us since the program was announced other than pursuant to such program. Refer to Note 12 - Common Stock of the notes to consolidated financial statements included in Item 8. Financial Statements and Supplementary Data for further information regarding our share repurchase program.

(2) Excludes 3,333 shares surrendered to the Company by participants in our share-based compensation plans to satisfy minimum tax withholdings for common stock issued under such plans.

(3) Price paid per share excludes any applicable broker commission or excise tax due. However, as such amounts are considered direct costs associated with the repurchase of our common stock, they have been reflected as a reduction in the remaining authorization under our share repurchase program.

ITEM 6. [RESERVED]

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

Business Description

We are one of the largest specialty contractors in the United States and a leading provider of electrical and mechanical construction and facilities services, building services, and industrial services. Our services are provided to a broad range of commercial, technology, manufacturing, industrial, healthcare, utility, and institutional customers through approximately 100 operating subsidiaries. Such operating subsidiaries are organized into the following reportable segments:

- United States electrical construction and facilities services;
- United States mechanical construction and facilities services;
- United States building services;
- United States industrial services; and
- United Kingdom building services.

We refer to our United States electrical construction and facilities services segment and our United States mechanical construction and facilities services segment together as our United States construction segments.

For a more complete description of our operations, refer to Item 1. Business.

Our reportable segments and related disclosures reflect certain reclassifications of prior year amounts from our United States mechanical construction and facilities services segment to our United States building services segment due to changes in our internal reporting structure aimed at realigning our service offerings.

Market Update

Our business and end markets remained resilient despite the impact of uncertain global economic conditions, including supply chain, production, and other logistical issues, an inflationary cost environment, elevated interest rates, and skilled labor shortages in certain regions. The continued strength in demand for our services is reflected in our results of operations for 2023, during which we experienced an increase in both revenue and operating income when compared to 2022. As evidenced by the growth in our remaining performance obligations, which increased to \$8.85 billion at December 31, 2023, from \$7.46 billion at December 31, 2022, we anticipate a similar level of demand for our services in the near term, provided that the business environment does not significantly deteriorate.

Although improved from 2022, we continued to experience pressures in our supply chain, which resulted in material and equipment lead times significantly in excess of normal levels. Delays in critical material and equipment deliveries additionally resulted in us funding purchases at earlier stages of project progression, or in advance of project commencement. While we generally strive to negotiate advanced payments or billing terms with our customers that allow us to invoice for these amounts, such purchases may apply pressure on our working capital requirements in future periods. Although we experienced a reduction in commodity prices when compared to 2022, and current economic indicators suggest that inflation is slowing, there continues to be volatility in the price of fuel, certain materials, and other commodities used in our operations. Further, in an effort to mitigate inflation, the Federal Reserve Board increased the federal funds rate throughout 2022 and into 2023.

Our management teams continue to adapt to the challenges of the current operating environment in order to manage our business more effectively through diligent contract negotiations, enhanced labor planning and project scheduling, and increased supplier engagement. As contractually permitted, and in order to combat inflationary pressures, we have and will continue to seek increases in pricing to the extent we experience increases in our costs. While we believe the actions we have taken continue to be effective, as evidenced in part by our operating performance and operating cash flow in 2023, the impact of these disruptions continues to evolve and there can be no assurance that our actions will serve to mitigate such impacts in future periods. Further, while we believe our remaining performance obligations are firm, and we have not experienced any material project cancellations to date, prolonged delays in the receipt of critical equipment could impact our ability to convert such remaining performance obligations to revenues in the near term or result in our customers seeking to delay or terminate existing or pending agreements. Lastly, the current interest rate environment may cause a decline in capital or maintenance spending of our customers or prospective customers, particularly as it pertains to short duration project work. Any of these events could result in reduced demand for our services or affect our ability to collect payment, and therefore, have a material adverse effect on our business, financial condition, and/or results of operations.

2023 versus 2022

Overview

The following table presents selected financial data for the fiscal years ended December 31, 2023 and 2022 (in thousands, except percentages and per share data):

	2023	2022
Revenues	\$ 12,582,873	\$ 11,076,120
Revenues increase from prior year	13.6 %	11.8 %
Gross profit	\$ 2,089,339	\$ 1,603,594
Gross profit as a percentage of revenues	16.6 %	14.5 %
Operating income	\$ 875,756	\$ 564,877
Operating income as a percentage of revenues	7.0 %	5.1 %
Net income attributable to EMCOR Group, Inc.	\$ 632,994	\$ 406,122
Diluted earnings per common share	\$ 13.31	\$ 8.10

Revenues of \$12.58 billion for the year ended December 31, 2023 set a new annual record for the Company and represent an increase of 13.6% from revenues of \$11.08 billion for the year ended December 31, 2022. Demand for our services continues to be strong across the majority of the market sectors we serve and, as described in further detail below, we experienced revenue growth within all of our reportable segments except for our United Kingdom building services segment.

Operating income for 2023 was \$875.8 million, or 7.0% of revenues, establishing new annual records for the Company with respect to both operating income and operating margin. This compares to operating income of \$564.9 million, or 5.1% of revenues, in 2022. The \$310.9 million increase in operating income, and corresponding 190 basis point improvement in operating margin, were a result of improved operating performance across all of our reportable segments other than our United Kingdom building services segment. As described in further detail below, these improvements in profitability were predominantly a result of: (a) better project execution and productivity, (b) a more favorable mix of work, (c) the successful close-out of several projects and resolution of certain disputes within our United States construction segments, and (d) a reduction in the price of certain commodities and materials utilized in our operations.

Net income of \$633.0 million, or \$13.31 per diluted share, for the year ended December 31, 2023, compares favorably to net income of \$406.1 million, or \$8.10 per diluted share, for the year ended December 31, 2022. In addition to the increase in operating income referenced above, our diluted earnings per share for 2023 benefited from a reduced weighted average share count given the impact of common stock repurchases made by us throughout 2022 and 2023.

Impact of Acquisitions

In order to provide a more meaningful period-over-period discussion of our operating results, we may discuss amounts generated or incurred (revenues, gross profit, selling, general and administrative expenses, and operating income) from companies acquired. The amounts discussed reflect the acquired companies' operating results in the current reported period only for the time period these entities were not owned by EMCOR in the comparable prior reported period.

During 2023, we acquired eight companies for total consideration of \$99.6 million. Such acquisitions include: (a) a national energy efficiency specialty services firm, the results of operations of which have been included in our United States building services segment, and (b) seven companies, the results of operations of which were de minimis, consisting of: (i) three companies that have been included within our United States mechanical construction and facilities services segment, one of which provides mechanical and pipe fabrication services in the Midwestern region of the United States, and two of which add capabilities to our national fire protection services, and (ii) four mechanical services companies in the Western and Midwestern regions of the United States that have been included within our United States building services segment and enhance our presence in geographies where we have existing operations.

During 2022, we acquired six companies for total consideration of \$100.8 million. Such acquisitions include: (a) a company that provides electrical construction services in the Greater Boston area, the results of operations of which have been included in our United States electrical construction and facilities services segment, and (b) five companies that enhance our presence in geographies where we have existing operations, the results of operations of which were de minimis, consisting of: (i) two companies that provide fire protection services in the Northeastern and Southern regions of the United States, respectively, and that have been included within our United States mechanical construction and facilities services segment, (ii) two companies that specialize in either building automation and controls or mechanical services in the Southwestern and Southern regions of the United States, respectively, and that have been included within our United States building services segment, and (iii) a company that provides electrical construction services in the Midwestern region of the United States and that has been included within our United States electrical construction and facilities services segment.

Discussion and Analysis of Results of Operations

Revenues

The following table presents our revenues for each of our operating segments and the approximate percentages that each segment's revenues were of total revenues for the years ended December 31, 2023 and 2022 (in thousands, except for percentages):

	2023	% of Total	2022	% of Total
Revenues from unrelated entities:				
United States electrical construction and facilities services	\$ 2,783,723	22 %	\$ 2,433,114	22 %
United States mechanical construction and facilities services	5,074,803	41 %	4,292,208	39 %
United States building services	3,120,134	25 %	2,754,953	25 %
United States industrial services	1,167,790	9 %	1,118,767	10 %
Total United States operations	12,146,450	97 %	10,599,042	96 %
United Kingdom building services	436,423	3 %	477,078	4 %
Total operations	\$ 12,582,873	100 %	\$ 11,076,120	100 %

As a result of strong demand for our services across the majority of the market sectors we serve, revenues for the year ended December 31, 2023 increased to \$12.58 billion compared to revenues of \$11.08 billion for the year ended December 31, 2022. As described in more detail below, we experienced increases in revenues from all of our reportable segments, except for our United Kingdom building services segment. Companies acquired in 2023 and 2022 generated incremental revenues of \$107.1 million in 2023.

Revenues of our United States electrical construction and facilities services segment were \$2,783.7 million for the year ended December 31, 2023 compared to revenues of \$2,433.1 million for the year ended December 31, 2022. This segment's results included \$88.5 million of incremental acquisition revenues for the year ended December 31, 2023. Excluding the impact of acquisitions, revenues of this segment increased by \$262.1 million as a result of an increase in revenues within many of the market sectors in which we operate, most notably including: (a) the network and communications market sector, predominantly due to our data center projects, (b) the manufacturing and industrial market sector, from contracts with our energy sector customers, including those for renewable energy projects, (c) the healthcare market sector, as a result of greater activity throughout certain of the regions in which we operate, (d) the hospitality and entertainment market sector, given an increase in projects within the Western region of the United States, and (e) the high-tech manufacturing market sector, due to an increase in projects for various biotech, life-sciences, and pharmaceutical customers as well as certain semiconductor manufacturers. Partially offsetting these increases were modest revenue declines from the commercial market sector and the institutional market sector as well as a reduction in short duration project volume.

Our United States mechanical construction and facilities services segment revenues for the year ended December 31, 2023 were \$5,074.8 million, a \$782.6 million increase compared to revenues of \$4,292.2 million for the year ended December 31, 2022. The year-over-year increase in this segment's revenues was primarily attributable to revenue growth within: (a) the high-tech manufacturing market sector, as a result of increased demand for our mechanical construction and/or fire protection services by certain customers: (i) engaged in either the design and manufacturing of semiconductors or the production and development of electric vehicles and/or lithium batteries, and (ii) within the biotech, life-sciences, and pharmaceutical industries, (b) the network and communications market sector, due to increased data center project activity, and (c) the manufacturing and industrial market sector, due in part to continued re-shoring of critical supply chain by certain of our customers.

Revenues of our United States building services segment were \$3,120.1 million and \$2,755.0 million for the years ended December 31, 2023 and 2022, respectively. Excluding incremental acquisition contribution of \$18.6 million, the \$346.6 million increase in this segment's revenues was primarily attributable to its mechanical services division, due to increased: (a) HVAC project and retrofit work, as a result of greater: (i) project execution stemming from the increased availability of materials and equipment when compared to the prior year, which experienced greater supply chain disruptions and delays, and (ii) demand for system upgrades and replacements, partially as our customers continue to seek ways to improve the energy efficiency or indoor air quality of their facilities, (b) service repair and maintenance volumes, given growth in our service contract base, and (c) building automation and controls projects, as we continue to expand our service offerings. In addition to increased revenues from its mechanical services division, this segment also experienced revenue growth from its commercial site-based services and government site-based services divisions, due to the award of facilities maintenance contracts with new customers as well as scope or site expansion and increased project work with existing customers. Such increased revenues were despite the loss of certain facilities maintenance contracts not renewed pursuant to rebid.

Revenues of our United States industrial services segment for the year ended December 31, 2023 were \$1,167.8 million, a \$49.0 million increase compared to revenues of \$1,118.8 million for the year ended December 31, 2022. The results of operations of this segment continued to improve at a modest pace, as evidenced by the revenue growth within both this segment's field services and shop services divisions during 2023. In addition to steady demand for maintenance and turnaround projects, during 2023, we experienced increased levels of capital spending by our customers, in the form of greater new build heat exchanger orders and the award of certain renewable fuel projects.

Our United Kingdom building services segment revenues were \$436.4 million for the year ended December 31, 2023 compared to \$477.1 million for the year ended December 31, 2022. Favorable exchange rate movements for the British pound versus the United States dollar positively impacted this segment's 2023 revenues by \$2.6 million. Excluding the impact of foreign exchange rate movements, this segment's revenues decreased during 2023 as a result of: (a) the loss of certain facilities maintenance contracts not renewed pursuant to rebid, and (b) a reduction in project activity, notably within the network and communications market sector.

Cost of sales and gross profit

The following table presents cost of sales, gross profit (revenues less cost of sales), and gross profit as a percentage of revenues ("gross profit margin") for the years ended December 31, 2023 and 2022 (in thousands, except for percentages):

	2023	2022
Cost of sales	\$ 10,493,534	\$ 9,472,526
Gross profit	\$ 2,089,339	\$ 1,603,594
Gross profit margin	16.6 %	14.5 %

Our gross profit for the year ended December 31, 2023 was \$2,089.3 million, or 16.6% of revenues, compared to gross profit of \$1,603.6 million, or 14.5% of revenues, for the year ended December 31, 2022. While the increase in gross profit can be partially attributed to the incremental revenue contribution described above, such increase, and the expansion in gross profit margin, were also the result of stronger operating performance within the majority of our reportable segments due to improved revenue mix, project execution and close-out, and/or favorable pricing. In 2023, acquisitions contributed incremental gross profit of approximately \$15.9 million, inclusive of amortization expense attributable to identifiable intangible assets of \$3.6 million.

Refer to the operating income section below for further discussion regarding the operating performance of each of our reportable segments.

Selling, general and administrative expenses

The following table presents selling, general and administrative expenses ("SG&A") and selling, general and administrative expenses as a percentage of revenues ("SG&A margin") for the years ended December 31, 2023 and 2022 (in thousands, except for percentages):

	2023	2022
Selling, general and administrative expenses	\$ 1,211,233	\$ 1,038,717
SG&A margin	9.6 %	9.4 %

Our selling, general and administrative expenses for the year ended December 31, 2023 were \$1,211.2 million, or 9.6% of revenues, compared to selling, general and administrative expenses of \$1,038.7 million, or 9.4% of revenues, for the year ended December 31, 2022. For the year ended December 31, 2023, selling, general and administrative expenses included \$17.3 million of incremental expenses directly related to companies acquired in 2023 and 2022, including amortization expense attributable to identifiable intangible assets of \$4.6 million. Excluding incremental expenses from businesses acquired, the increase in selling, general and administrative expenses, and SG&A margin, was predominantly attributable to increases in incentive compensation expense across the majority of our reportable segments, due to higher operating results than in the prior year, and salaries and related employment expenses, largely as a result of additional headcount to support our organic revenue growth as well as annual cost of living adjustments. In addition to these increases in employment costs, our SG&A for 2023 included incremental: (a) computer hardware and software costs, as a result of various information technology and cybersecurity initiatives currently in process, (b) travel and entertainment expenses, and (c) rent and other occupancy costs driven by: (i) the expansion or addition of certain fabrication facilities, which support our operations, and (ii) the impact of inflation on the real estate market.

Operating income (loss)

The following table presents by segment our operating income (loss) and each segment's operating income (loss) as a percentage of such segment's revenues ("operating margin") for the years ended December 31, 2023 and 2022 (in thousands, except for percentages):

	2023	% of Segment Revenues	2022	% of Segment Revenues
Operating income (loss):				
United States electrical construction and facilities services	\$ 230,640	8.3 %	\$ 148,728	6.1 %
United States mechanical construction and facilities services	530,644	10.5 %	330,325	7.7 %
United States building services	182,995	5.9 %	146,639	5.3 %
United States industrial services	35,375	3.0 %	19,787	1.8 %
Total United States operations	979,654	8.1 %	645,479	6.1 %
United Kingdom building services	25,681	5.9 %	29,838	6.3 %
Corporate administration	(127,229)	—	(110,440)	—
Impairment loss on long-lived assets	(2,350)	—	—	—
Total operations	875,756	7.0 %	564,877	5.1 %
Other items:				
Net periodic pension (cost) income	(1,119)	—	4,311	—
Interest expense	(17,199)	—	(13,199)	—
Interest income	15,415	—	2,761	—
Income before income taxes	\$ 872,853	—	\$ 558,750	—

Operating income for the year ended December 31, 2023 was \$875.8 million, an increase of \$310.9 million compared to operating income of \$564.9 million for the year ended December 31, 2022. Operating margin was 7.0% and 5.1% in 2023 and 2022, respectively. Our performance in 2023 established new annual records for the Company with respect to operating income and operating margin. As described in more detail below, improvements in profitability were a result of: (a) better project execution, (b) a more favorable mix of work, (c) the successful close-out of certain projects within our United States construction segments, and (d) the impact in 2022 of certain supply chain disruptions and delays, which were greater than those experienced in 2023, and which, in the prior year, led to: (i) reduced labor productivity and efficiency, (ii) the under-absorption of labor costs in instances where projects were delayed pending the receipt of materials, or (iii) material and commodity price escalations.

Operating income of our United States electrical construction and facilities services segment for the year ended December 31, 2023 was \$230.6 million, or 8.3% of revenues, compared to operating income for the year ended December 31, 2022 of \$148.7 million, or 6.1% of revenues. The \$81.9 million increase in operating income and the 220 basis point improvement in operating margin of this segment were largely a result of greater gross profit and gross profit margin given: (a) a more favorable mix of work, (b) improved project execution and productivity, and (c) the successful close-out of certain construction projects during the year. The largest increases in gross profit and gross profit margin were recognized within the network and communications market sector, the commercial market sector, and the healthcare market sector. Although we continue to experience supply chain disruptions and delays, which are impacting project delivery in various ways, market conditions surrounding equipment availability steadily improved over the last year and our management teams continued to adapt to this environment. Such developments led to improved job-site and labor productivity as well as more normalized project sequencing, resulting in fewer project write-downs when compared to the prior year. For example, based on an evaluation of individual projects that had revisions to total estimated costs or anticipated contract value, which resulted in a reduction of profitability in excess of \$1.0 million, the operating results of our United States electrical construction and facilities services segment were negatively impacted by approximately \$12.5 million during the year ended December 31, 2023, compared to \$33.5 million during the year ended December 31, 2022. While these reductions in estimated project profitability negatively affected operating margin of this segment by 40 basis points for 2023, the impact in 2022 was 140 basis points. Partially offsetting the year-over-year improvements in gross profit and gross profit margin were increased selling, general and administrative expenses and SG&A margin, largely as a result of greater incentive compensation expense recognized by several operating subsidiaries of this segment given improvements in profitability year-over-year.

Our United States mechanical construction and facilities services segment's operating income for the year ended December 31, 2023 was \$530.6 million, a \$200.3 million increase compared to operating income of \$330.3 million for the year ended December 31, 2022. Operating margin of this segment for the year ended December 31, 2023 was 10.5%, a 280 basis point improvement over its operating margin for the year ended December 31, 2022 of 7.7%. This increased annual operating performance was primarily a result of contribution from projects within: (a) the high-tech manufacturing market sector, including certain mechanical construction or fire protection projects for customers: (i) engaged in either the design or manufacturing of semiconductors or the production and development of electric vehicles and/or lithium batteries, and (ii) within the biotech, life-sciences, and pharmaceutical industries, (b) the commercial market sector, including various fire protection projects, and (c) the manufacturing and industrial market sector, which continues to benefit from customer initiatives to re-shore their critical supply chain. Operating income and operating margin of this segment were also favorably impacted as a result of the successful close-out of certain projects during 2023 and improved productivity, due in part to investments in building information modeling, prefabrication, and digital tools. Similar to our United States electrical construction and facilities services segment, the results of this segment in the prior year were negatively impacted by external market conditions, which manifested themselves through price escalations, particularly for materials and commodities, such as copper and steel, that are used in our mechanical and fire protection operations. Although there remains volatility in the pricing of these commodities, more favorable pricing year-over-year has resulted in improved profitability of this segment during 2023. Increased gross profit and gross profit margin of this segment were partially offset by higher selling, general and administrative expenses and a slight increase in SG&A margin, given greater: (a) incentive compensation expense, due to improved operating results for certain of the operating subsidiaries within this segment, and (b) salaries and related employment costs, largely as a result of additional headcount to support current and anticipated organic revenue growth.

Operating income of our United States building services segment for the year ended December 31, 2023 was \$183.0 million, or 5.9% of revenues, compared to operating income of \$146.6 million, or 5.3% of revenues, for the year ended December 31, 2022. The \$36.4 million increase in operating income and the 60 basis point increase in operating margin for 2023 was almost entirely attributable to this segment's mechanical services division, as a result of greater gross profit and gross profit margin across all of its service lines, with the largest incremental contribution from projects and retrofits as well as building automation and controls. These improvements were due in part to favorable project execution, greater absorption of indirect costs, and favorable contractual terms.

Our United States industrial services segment's operating income for the year ended December 31, 2023 was \$35.4 million, or 3.0% of revenues, compared to operating income of \$19.8 million, or 1.8% of revenues, for the year ended December 31, 2022. In addition to the growth in this segment's revenues referenced above, which resulted in greater gross profit contribution, the improved year-over-year performance was due to an increase in gross profit margin within both this segment's field services and shop services divisions. Operating performance of this segment continues to improve steadily and we are beginning to experience better pricing, most notably within the shop services division.

Operating income of our United Kingdom building services segment for the year ended December 31, 2023 was \$25.7 million compared to operating income of \$29.8 million for the year ended December 31, 2022. The decrease in this segment's operating income for 2023 was attributable to a reduction in gross profit, due to lower revenues, as well as an increase in selling, general and administrative expenses, resulting from certain initiatives undertaken during the year. This segment's operating margin for 2023 of 5.9% declined by 40 basis points when compared to an operating margin in 2022 of 6.3%. Despite an increase in gross profit margin, driven by both the successful close-out of certain projects and a more favorable contract mix, operating margin was negatively impacted by an increase in the ratio of selling, general and administrative expenses to revenues, given the aforementioned decline in revenues and the increase in overhead costs in 2023. This segment's operating income for the year ended December 31, 2023 was positively impacted by \$0.5 million related to the effect of favorable exchange rate movements.

Our corporate administration expenses were \$127.2 million for 2023 compared to \$110.4 million in 2022. The increase in corporate expenses for 2023 was primarily due to greater incentive compensation expense, largely associated with our long-term incentive plans, given higher projected future operating results. In addition, we have experienced increases in: (a) salaries, as a result of annual cost of living adjustments and an increase in headcount to support our operations, (b) computer hardware and software costs, due to various information technology and cybersecurity initiatives currently in process, and (c) travel and entertainment expenses, given a greater level of travel and business meals.

Other items

Interest expense was \$17.2 million and \$13.2 million for the years ended December 31, 2023 and 2022, respectively. The year-over-year increase in interest expense was a result of higher interest rates, partially offset by reduced average outstanding borrowings. Interest income was \$15.4 million and \$2.8 million for the years ended December 31, 2023 and 2022, respectively. The increase in annual interest income resulted from greater returns on our invested cash, due to the previously referenced interest rate environment, as well as an increase in average bank deposits.

Our income tax provision for the year ended December 31, 2023 was \$239.5 million, based on an income tax rate of 27.5%, compared to an income tax provision and an income tax rate of \$152.6 million and 27.3%, respectively, for the year ended December 31, 2022. Refer to Note 11 - Income Taxes of the notes to consolidated financial statements included in Item 8. Financial Statements and Supplementary Data for further discussion regarding our income tax provision and effective income tax rate.

Remaining Unsatisfied Performance Obligations

The following table presents the transaction price allocated to remaining unsatisfied performance obligations ("remaining performance obligations") for each of our reportable segments and their respective percentage of total remaining performance obligations (in thousands, except for percentages):

	December 31, 2023		December 31, 2022	
		% of Total		% of Total
Remaining performance obligations:				
United States electrical construction and facilities services	\$ 2,387,844	27 %	\$ 2,014,079	27 %
United States mechanical construction and facilities services	4,940,519	56 %	3,987,134	53 %
United States building services	1,264,818	14 %	1,172,816	16 %
United States industrial services	113,291	1 %	124,653	2 %
Total United States operations	8,706,472	98 %	7,298,682	98 %
United Kingdom building services	140,949	2 %	160,617	2 %
Total operations	\$ 8,847,421	100 %	\$ 7,459,299	100 %

Our remaining performance obligations at December 31, 2023 were \$8.85 billion compared to \$7.46 billion at December 31, 2022. The increase in remaining performance obligations year-over-year was attributable to an increase in remaining performance obligations within: (a) each of our United States construction segments, driven by the award of various projects within the majority of the market sectors in which we operate, and (b) our United States building services segment, largely due to increased project opportunities within its mechanical services division. From a market sector perspective, we experienced the most significant growth in remaining performance obligations within: (a) the high-tech manufacturing market sector, inclusive of projects for customers engaged in: (i) the design and manufacturing of semiconductors, and (ii) the production and development of electric vehicles and/or lithium batteries, (b) the network and communications market sector, driven by data center construction projects, (c) the institutional market sector, and (d) the water and wastewater market sector, due to the award of several construction projects within the Southeastern region of the United States. Remaining performance obligations increased by \$23.7 million as a result of acquisitions during 2023. These increases were partially offset by a reduction in remaining performance obligations from the commercial market sector, primarily given the completion of several warehouse and distribution center projects.

While the continued growth in our remaining performance obligations is largely due to the strength in demand for our services, a portion of this increase can likely be attributed to external market factors such as material and labor inflation, which has increased the price of certain of our project work.

See Note 3 - Revenue from Contracts with Customers of the notes to consolidated financial statements included in Item 8. Financial Statements and Supplementary Data for further disclosure regarding our remaining performance obligations.

2022 versus 2021

For discussion and analysis of results of operations for the year ended December 31, 2022 compared to the year ended December 31, 2021, refer to Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations of our Form 10-K for the year ended December 31, 2022.

Liquidity and Capital Resources

The following section discusses our principal liquidity and capital resources, as well as our primary liquidity requirements and sources and uses of cash.

We are focused on the efficient conversion of operating income into cash to provide for the Company's material cash requirements, including working capital needs, investment in our growth strategies through business acquisitions and capital expenditures, satisfaction of contractual commitments, including principal and interest payments on any outstanding indebtedness, and shareholder return through dividend payments and share repurchases. We strive to maintain a balanced approach to capital allocation in order to achieve growth, deliver value, and minimize risk.

Management monitors financial markets and overall economic conditions for factors that may affect our liquidity and capital resources and adjusts our capital allocation strategy as necessary. Negative macroeconomic trends could have an adverse effect on future liquidity if we experience delays in the payment of outstanding receivables beyond normal payment terms, an increase in credit losses, or significant increases in the price of commodities or the materials and equipment utilized for our project and service work, beyond those experienced to date. In addition, during economic downturns, there have typically been fewer small discretionary projects from the private sector and our competitors have aggressively bid larger long-term infrastructure and public sector contracts. Our liquidity is also impacted by: (a) the type and length of construction contracts in place, as performance of long duration contracts typically requires greater amounts of working capital, (b) the level of turnaround activities within our United States industrial services segment, as such projects are billed in arrears pursuant to contractual terms that are standard within the industry, and (c) the billing terms of our maintenance contracts, including those within our United States and United Kingdom building services segments. While we strive to negotiate favorable billing terms, which allow us to invoice in advance of costs incurred on certain of our contracts, there can be no assurance that such terms will be agreed to by our customers.

As of December 31, 2023, we had cash and cash equivalents of \$789.8 million, which are maintained in depository accounts and highly liquid investments with original maturity dates of three months or less. Both our short-term and long-term liquidity requirements are expected to be met through our cash and cash equivalent balances, cash generated from our operations, and, as necessary, the borrowing capacity under our revolving credit facility. Our credit agreement provides for a \$1.30 billion revolving credit facility, for which there is \$1.18 billion of available capacity as of December 31, 2023.

Refer to Note 9 - Debt of the notes to consolidated financial statements included in Item 8. Financial Statements and Supplementary Data for further information regarding our credit agreement. Based upon our current credit rating and financial position, we can also reasonably expect to be able to secure long-term debt financing if required to achieve our strategic objectives; however, no assurances can be made that such debt financing will be available on favorable terms. We believe that we have sufficient financial resources available to meet our short-term and foreseeable long-term liquidity requirements.

Cash Flows

The following table presents a summary of our operating, investing, and financing cash flows (in thousands):

	2023	2022
Net cash provided by operating activities	\$ 899,655	\$ 497,933
Net cash used in investing activities	\$ (161,291)	\$ (140,800)
Net cash used in financing activities	\$ (412,054)	\$ (710,118)
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	\$ 6,372	\$ (12,515)
Increase (decrease) in cash, cash equivalents, and restricted cash	\$ 332,682	\$ (365,500)

During the year ended December 31, 2023, our cash balance, including cash equivalents and restricted cash, increased by \$332.7 million from \$457.1 million at December 31, 2022 to \$789.8 million at December 31, 2023. Changes in our cash position from December 31, 2022 to December 31, 2023 are described in further detail below. For a discussion of the changes in our cash position from December 31, 2021 to December 31, 2022, refer to the Liquidity and Capital Resources section included in Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations of our Form 10-K for the year ended December 31, 2022.

Operating Activities – Operating cash flows generally represent our net income as adjusted for certain non-cash items and changes in assets and liabilities. For 2023, net cash provided by operating activities was approximately \$899.7 million compared to approximately \$497.9 million of net cash provided by operating activities in 2022. The \$401.7 million increase in operating cash flows during 2023, when compared to 2022, was largely a result of increased income, coupled with customer deposits and advanced payments on certain construction contracts, as evidenced by the growth in our contract liabilities.

Investing Activities – Investing cash flows consist primarily of payments for the acquisition of businesses, capital expenditures, and proceeds from the sale or disposal of property, plant, and equipment. During 2023, we utilized approximately \$161.3 million of cash for investing activities compared to \$140.8 million during 2022. The increase in investing cash outflows year-over-year was primarily driven by higher capital expenditures to support our organic growth, partially offset by an increase in proceeds from the sale or disposal of property, plant, and equipment. Payments for the acquisition of businesses were fairly consistent each year as we utilized \$96.5 million in 2023, compared to \$98.7 million in 2022.

Financing Activities – Financing cash flows consist primarily of the issuance and repayment of short-term and long-term debt, repurchases of common stock, payments of dividends to stockholders, and the issuance of common stock through certain equity plans. Net cash used in financing activities during 2023 was \$412.1 million compared to \$710.1 million during 2022. The \$298.1 million reduction in financing cash outflows was primarily due to a decrease in funds used for the repurchase of our common stock during 2023, partially offset by an increase in net repayments of debt under our credit agreement. The timing of common stock repurchases is at management's discretion subject to securities laws and other legal requirements and depends upon several factors, including market and business conditions, current and anticipated future liquidity, share price, and share availability, among others. For additional detail regarding our share repurchase program, refer to Note 12 - Common Stock of the notes to consolidated financial statements included in Item 8. Financial Statements and Supplementary Data.

We currently pay a regular quarterly dividend of \$0.18 per share. For the years ended December 31, 2023 and 2022, cash payments related to dividends were \$32.7 million and \$27.2 million, respectively. Subsequent to December 31, 2023, our Board of Directors announced its intention to increase the regular quarterly dividend to \$0.25 per share commencing with the dividend to be paid in April 2024. Our credit agreement places limitations on the payment of dividends on our common stock. However, we do not believe that the terms of such agreement currently materially limit our ability to pay such quarterly dividends for the foreseeable future.

Effect of Exchange Rate Changes on Cash, Cash Equivalents, and Restricted Cash – We are exposed to fluctuations in foreign currency exchange rates, almost entirely with respect to the British pound. Therefore, the \$18.9 million variance between the years ended December 31, 2023 and 2022 was a direct result of favorable exchange rate movements for the British pound versus the United States dollar.

Material Cash Requirements from Contractual and Other Obligations

As of December 31, 2023, our short-term and long-term material cash requirements for known contractual and other obligations were as follows:

Outstanding Debt and Interest Payments – As of December 31, 2023, there were no direct borrowings outstanding under our revolving credit facility. Interest payments on any future borrowings will be determined based on prevailing interest rates at that time. Refer to Note 9 - Debt of the notes to consolidated financial statements included in Item 8. Financial Statements and Supplementary Data for further detail of our debt obligations, including our revolving credit facility.

Operating and Finance Leases – In the normal course of business, we lease real estate, vehicles, and equipment under various arrangements which are classified as either operating or finance leases. Future payments for such leases, excluding leases with initial terms of one year or less, were \$381.7 million at December 31, 2023, with \$89.7 million payable within the next 12 months. Refer to Note 16 - Leases of the notes to consolidated financial statements included in Item 8. Financial Statements and Supplementary Data for further detail surrounding our lease obligations and the timing of expected future payments.

Open Purchase Obligations – As of December 31, 2023, we had \$2.33 billion of open purchase obligations, of which payments totaling approximately \$2.02 billion are expected to become due within the next 12 months. These obligations represent open purchase orders to suppliers and subcontractors related to our construction and services contracts. These purchase orders are not reflected in the Consolidated Balance Sheets and are not expected to impact future liquidity as amounts should be recovered through customer billings.

Insurance Obligations – As described in further detail in Note 2 - Summary of Significant Accounting Policies of the notes to consolidated financial statements included in Item 8. Financial Statements and Supplementary Data, we have loss payment deductibles and/or self-insured retentions for certain insurance matters. As of December 31, 2023, our insurance liabilities, net of estimated recoveries, were \$220.1 million. Of this net amount, approximately \$39.2 million is estimated to be payable within the next 12 months. Due to many uncertainties inherent in resolving these matters, it is not practical to estimate these payments beyond such period. To the extent that the amount required to settle claims covered by insurance continues to increase, the cost of our insurance coverage, including premiums and deductibles, is likely to increase.

Contingent Consideration Liabilities – We have incurred liabilities related to contingent consideration arrangements associated with certain acquisitions, payable in the event discrete performance objectives are achieved by the acquired businesses during designated post-acquisition periods. The aggregate amount of these liabilities can change due to additional business acquisitions, settlement of outstanding liabilities, changes in the fair value of amounts owed based on performance during such post-acquisition periods, and accretion in present value. As of December 31, 2023, the present value of expected future payments relating to these contingent consideration arrangements was \$9.5 million. Of this amount, \$6.1 million is estimated as being payable during 2024, with the remainder due in 2025.

In addition, material cash requirements for other potential obligations, for which we cannot reasonably estimate future payments, include the following:

Legal Proceedings – We are involved in several legal proceedings in which damages and claims have been asserted against us. While litigation is subject to many uncertainties and the outcome of litigation is not predictable with assurance, we do not believe that any such matters will have a material adverse effect on our financial position, results of operations, or liquidity. Refer to Note 15 - Commitments and Contingencies of the notes to consolidated financial statements included in Item 8. Financial Statements and Supplementary Data for more information regarding legal proceedings.

Multiemployer Benefit Plans – In addition to our Company sponsored benefit plans, we participate in certain multiemployer pension and other post retirement plans. The cost of these plans is equal to the annual required contributions determined in accordance with the provisions of negotiated collective bargaining agreements. During 2023, 2022, and 2021, contributions made to these plans were \$502.3 million, \$449.9 million, and \$399.5 million, respectively; however, our future contributions to the multiemployer plans are dependent upon a number of factors. Amounts of future contributions that we would be contractually obligated to make pursuant to these plans cannot be reasonably estimated. Refer to Note 14 - Retirement Plans of the notes to consolidated financial statements included in Item 8. Financial Statements and Supplementary Data for more information regarding these multiemployer benefit plans.

Off-Balance Sheet Arrangements and Other Commercial Commitments

The terms of our construction contracts frequently require that we obtain from surety companies, and provide to our customers, surety bonds as a condition to the award of such contracts. These surety bonds are issued in return for premiums, which vary depending on the size and type of the bond, and secure our payment and performance obligations under such contracts. We have agreed to indemnify the surety companies for amounts, if any, paid by them in respect of surety bonds issued on our behalf. As of December 31, 2023, based on the percentage-of-completion of our projects covered by surety bonds, our aggregate estimated exposure, assuming defaults on all our then existing contractual obligations, was approximately \$2.2 billion, which represents approximately 25% of our total remaining performance obligations.

Surety bonds expire at various times ranging from final completion of a project to a period extending beyond contract completion in certain circumstances. Such amounts can also fluctuate from period to period based upon the mix and level of our bonded operating activity. For example, public sector contracts require surety bonds more frequently than private sector contracts and, accordingly, our bonding requirements typically increase as the amount of our public sector work increases. Our estimated maximum exposure as it relates to the value of the surety bonds outstanding is lowered on each bonded project as the cost to complete is reduced, and each commitment under a surety bond generally extinguishes concurrently with the expiration of its related contractual obligation.

Surety bonds are sometimes provided to secure obligations for wages and benefits payable to or for certain of our employees, at the request of labor unions representing such employees. In addition, surety bonds or letters of credit may be issued as collateral for certain insurance obligations. As of December 31, 2023, we satisfied approximately \$48.1 million and \$71.1 million of the collateral requirements of our insurance programs by utilizing surety bonds and letters of credit, respectively. All such letters of credit were issued under our revolving credit facility, therefore reducing the available capacity of such facility.

We are not aware of any losses in connection with surety bonds that have been posted on our behalf, and we do not expect to incur significant losses in the foreseeable future.

From time to time, we discuss with our current and other surety bond providers the amounts of surety bonds that may be available to us based on our financial strength and the absence of any default by us on any surety bond issued on our behalf and believe those amounts are currently adequate for our needs. However, if we experience changes in our bonding relationships or if there are adverse changes in the surety industry, we may: (a) seek to satisfy certain customer requests for surety bonds by posting other forms of collateral in lieu of surety bonds, such as letters of credit, parent company guarantees, or cash, in order to convince customers to forego the requirement for surety bonds, (b) increase our activities in our businesses that rarely require surety bonds, and/or (c) refrain from bidding for certain projects that require surety bonds.

There can be no assurance that we would be able to effectuate alternatives to providing surety bonds to our customers or to obtain, on favorable terms, sufficient additional work that does not require surety bonds. Accordingly, a reduction in the availability of surety bonds could have a material adverse effect on our financial position, results of operations, and/or cash flows.

In the ordinary course of business, we, at times, guarantee obligations of our subsidiaries under certain contracts. Generally, we are liable under such an arrangement only if our subsidiary fails to perform its obligations under the contract. Historically, we have not incurred any substantial liabilities as a consequence of these guarantees.

We do not have any other material financial guarantees or off-balance sheet arrangements other than those disclosed herein.

Other Items

To help mitigate the impacts of greenhouse gas emissions on climate change, EMCOR has established initial carbon-based fuel consumption and greenhouse gas emission reduction targets, and has committed to investigating the establishment of science-based greenhouse gas emissions targets. Although to date we have not incurred any material costs or capital expenditures associated with achieving our targets, we could be required to expend amounts in future periods as we continue to work towards our goals. It is not possible, at this time, to estimate the impact that future costs and/or capital expenditures may have on our business, financial condition, results of operations, or liquidity.

New Accounting Pronouncements

We review new accounting standards to determine the expected impact, if any, that the adoption of such standards will have on our financial position and/or results of operations. See Note 2 - Summary of Significant Accounting Policies of the notes to consolidated financial statements included in Item 8. Financial Statements and Supplementary Data for further information regarding new accounting standards, including the anticipated dates of adoption and the effects on our consolidated financial position, results of operations, or liquidity.

Critical Accounting Policies and Estimates

The preparation of our consolidated financial statements is based on the application of significant accounting policies, which require management to make estimates and assumptions. Our significant accounting policies are described further in Note 2 - Summary of Significant Accounting Policies of the notes to consolidated financial statements included in Item 8. Financial Statements and Supplementary Data. We base our estimates on historical experience, known or expected trends, third-party valuations, and various other assumptions that we believe to be reasonable under the circumstances. As future events and their effects cannot be determined with precision, actual results could differ significantly from these estimates. There have been no significant changes to our critical accounting policies or methods for the year ended December 31, 2023. We believe the following critical accounting policies govern the more significant judgments and estimates used in the preparation of our financial statements.

Revenue Recognition from Contracts with Customers

The Company recognizes revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which we expect to be entitled in exchange for those goods or services by applying the following five step model: (1) identify the contract with a customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligations in the contract; (5) recognize revenue as performance obligations are satisfied.

The nature of our contracts gives rise to several types of variable consideration, including pending change orders and claims; contract bonuses and incentive fees; and liquidated damages and penalties. We recognize revenue for such variable consideration when it is probable, in our judgment, that a significant future reversal in the amount of cumulative revenue recognized under the contract will not occur when the uncertainty associated with the variable consideration is subsequently resolved. The Company estimates the amount of variable consideration to be included in the transaction price utilizing one of two prescribed methods, depending on which method better predicts the amount of consideration to which the entity will be entitled.

Due to uncertainties inherent in the estimation process, as well as the significant judgment involved in determining variable consideration, it is possible that estimates of costs to complete a performance obligation, and/or our estimates of transaction prices, will be revised in the near term. For those performance obligations for which revenue is recognized using a cost-to-cost input method, changes in total estimated costs, and related progress towards complete satisfaction of the performance obligation, or changes in the estimate of transaction prices, are recognized on a cumulative catch-up basis in the period in which the revisions to the estimates are made.

Based on an evaluation of individual projects that had revisions to total estimated costs, or anticipated contract value, which resulted in a reduction of profitability in excess of \$1.0 million, our operating results were negatively impacted during the years ended December 31, 2023, 2022, and 2021, as summarized in the following table (in thousands):

	2023	2022	2021
United States electrical construction and facilities services	\$ 12,535	\$ 33,463	\$ 4,627
United States mechanical construction and facilities services	10,864	13,679	2,264
United States building services	5,658	1,261	—
Total impact	<u>\$ 29,057</u>	<u>\$ 48,403</u>	<u>\$ 6,891</u>

During the year ended December 31, 2023, we recognized revenue of approximately \$16.5 million on individual projects that were substantially complete in prior periods but had revisions to total estimated cost or anticipated contract value, which resulted in an increase to profitability in excess of \$1.0 million. Of this amount, approximately \$3.4 million was reported within our United States electrical construction and facilities services segment and approximately \$13.1 million was reported within our United States mechanical construction and facilities services segment. There were no significant amounts of revenue recognized during the years ended December 31, 2022 or 2021 related to performance obligations satisfied in prior periods.

Due to the significant judgments utilized in the estimation process described above, if subsequent actual results and/or updated assumptions, estimates, or projections related to our underlying project positions were to change from those utilized at December 31, 2023, it could result in a material impact to our results of operations. For example, a 50 basis point increase or decrease in the estimated gross profit margin on our uncompleted construction projects, in the aggregate, as a result of a revision in estimated costs to complete a performance obligation or a revision in estimated transaction price, would have resulted in an increase or decrease to operating income of approximately \$100 million for the year ended December 31, 2023.

See Note 3 - Revenue from Contracts with Customers of the notes to consolidated financial statements included in Item 8. Financial Statements and Supplementary Data for further disclosure regarding revenue recognition.

Insurance Liabilities

We have loss payment deductibles for certain workers' compensation, automobile liability, general liability, and property claims, have self-insured retentions for certain other casualty claims, and are self-insured for employee-related healthcare claims. In addition, we maintain a wholly-owned captive insurance subsidiary to manage certain of our insurance liabilities. Losses are recorded based upon estimates of our liability for claims incurred and for claims incurred but not reported. The liabilities are derived from known facts, historical trends, and industry averages, utilizing the assistance of an independent third-party actuary to determine the best estimate for the majority of these obligations. We believe the liabilities recognized on the Consolidated Balance Sheets for these obligations are adequate. However, such obligations are difficult to assess and estimate due to numerous factors, including severity of injury, determination of liability in proportion to other parties, timely reporting of occurrences, and effectiveness of safety and risk management programs. Therefore, if our actual experience differs from the assumptions and estimates used for recording the liabilities, adjustments may be required and will be recorded in the period that the experience becomes known. In addition, as discussed above, an increase in the cost to settle insurance claims could result in higher insurance costs and deductibles. Our estimated net insurance liabilities for workers' compensation, automobile liability, general liability, and property claims increased by \$18.6 million for the year ended December 31, 2023 compared to the year ended December 31, 2022, partially as a result of greater potential exposures and an increase in certain of our deductibles or self-insured retentions. If our estimated insurance liabilities for workers' compensation, automobile liability, general liability, and property claims were to increase by 10%, it would have resulted in \$22.0 million of additional expense for the year ended December 31, 2023.

Goodwill, Identifiable Intangible Assets, and Other Long-Lived Assets

Goodwill

As of December 31, 2023 and 2022, we had goodwill of \$956.5 million and \$919.2 million, respectively, arising out of the acquisition of businesses. Goodwill is not amortized but instead allocated to its respective reporting unit and evaluated for impairment annually, or more frequently if events or circumstances indicate that the carrying amount of goodwill may be impaired. We have determined that our reporting units are consistent with the reportable segments identified in Note 18 - Segment Information of the notes to consolidated financial statements included in Item 8. Financial Statements and Supplementary Data. As of December 31, 2023, approximately 18.6% of our goodwill related to our United States electrical construction and facilities services segment, approximately 33.3% related to our United States mechanical construction and facilities services segment, approximately 36.2% related to our United States building services segment, and approximately 11.9% related to our United States industrial services segment.

Absent any earlier identified impairment indicators, we perform our annual goodwill impairment assessment on October 1 each fiscal year. Qualitative indicators that may trigger the need for interim quantitative impairment testing include, among others, a deterioration in macroeconomic conditions, declining financial performance, deterioration in the operational environment, or an expectation of selling or disposing of a portion of a reporting unit. Additionally, an interim impairment test may be triggered by a significant change in business climate, a loss of a significant customer, increased competition, or a sustained decrease in share price. In assessing whether our goodwill is impaired, we compare the fair value of the reporting unit to its carrying amount, including goodwill. If the fair value exceeds the carrying amount, no impairment is recognized. However, if the carrying amount of the reporting unit exceeds the fair value, the goodwill of the reporting unit is impaired and an impairment loss in the amount of the excess is recognized and charged to operations.

We performed our annual impairment assessment of all reporting units as of October 1, 2023 and determined there was no impairment of goodwill. Based on these impairment assessments, the fair values of our United States electrical construction and facilities services segment, our United States mechanical construction and facilities services segment, our United States building services segment, and our United States industrial services segment exceeded their carrying values by approximately \$1,724.3 million, \$4,411.7 million, \$1,048.0 million, and \$89.1 million, respectively. As part of such annual testing, we compared the aggregate fair value of our reporting units to our market capitalization, noting that such comparison supported the reasonableness of the key assumptions utilized in determining the fair value of each of our reporting units.

In completing our annual impairment assessment, we determined the fair value of each of our reporting units using an income approach whereby fair value was calculated utilizing discounted estimated future cash flows, assuming a risk-adjusted industry weighted average cost of capital. The weighted average cost of capital used in our annual impairment testing was 10.9% for our United States construction segments, 11.2% for our United States building services segment, and 11.0% for our United States industrial services segment. These weighted average cost of capital estimates were developed with the assistance of an independent third-party valuation specialist and reflect the overall level of inherent risk within the respective reporting unit and the rate of return a market participant would expect to earn.

Our cash flow projections were derived from our most recent internal forecasts of anticipated revenue growth rates and operating margins, with cash flows beyond the discrete forecast period estimated using a terminal value calculation which incorporated historical and forecasted trends, an estimate of long-term growth rates, and assumptions about the future demand for our services. The perpetual growth rate used for our annual testing was 2.5% for all of our reporting units.

Due to the inherent uncertainties involved in making estimates, our assumptions may change in future periods. Estimates and assumptions made for purposes of our goodwill impairment testing may prove to be inaccurate predictions of the future, and other factors used in assessing fair value, such as the weighted average cost of capital, are outside the control of management. Unfavorable changes in certain of these key assumptions may affect future testing results. For example, keeping all other assumptions constant, a 50 basis point increase in the weighted average cost of capital would cause the estimated fair values of our United States electrical construction and facilities services segment, our United States mechanical construction and facilities services segment, our United States building services segment, and our United States industrial services segment to decrease by approximately \$115.2 million, \$249.9 million, \$84.2 million, and \$25.2 million, respectively. In addition, keeping all other assumptions constant, a 50 basis point reduction in the perpetual growth rate would cause the estimated fair values of our United States electrical construction and facilities services segment, our United States mechanical construction and facilities services segment, our United States building services segment, and our United States industrial services segment to decrease by approximately \$56.5 million, \$137.1 million, \$40.4 million, and \$9.3 million, respectively. Given the amounts by which the fair value exceeds the carrying value for each of our reporting units, the decreases in estimated fair values described above would not have significantly impacted the results of our 2023 impairment tests. Further, for each of our reporting units, a 10% decline in the estimated fair value of such reporting unit, due to other changes in our assumptions, including forecasted future cash flows, would not have significantly impacted the results of our 2023 impairment tests.

Identifiable Intangible Assets and Other Long-Lived Assets

As of December 31, 2023 and 2022, net identifiable intangible assets (primarily consisting of our customer relationships, subsidiary trade names, developed technology/vendor network, and contract backlog) arising out of the acquisition of businesses were \$586.0 million and \$594.0 million, respectively. The determination of related estimated useful lives for identifiable intangible assets and whether those assets are impaired involves significant judgments based upon short- and long-term projections of future performance. These forecasts reflect assumptions regarding anticipated macroeconomic conditions as well as our ability to successfully integrate acquired businesses.

Absent earlier indicators of impairment, we test for impairment of subsidiary trade names that are not subject to amortization on an annual basis (October 1). In addition, we review for impairment of identifiable intangible assets that are being amortized as well as other long-lived assets whenever facts and circumstances indicate that their carrying values may not be fully recoverable.

As of October 1, 2023, we performed our annual impairment testing of all subsidiary trade names that are not subject to amortization and determined that there was no impairment of these assets. In performing this impairment assessment, we considered the sensitivity of the reported amounts to the methods, assumptions, and estimates underlying our testing. For example, we performed sensitivity analyses and concluded that, individually, none of the following changes in estimates or assumptions would have significantly impacted the results of our testing or resulted in a material impairment of our subsidiary trade names: (a) a 50 basis point increase in the discount rate utilized in our testing, (b) a 50 basis point decline in the perpetual growth rate utilized in our testing, or (c) a 10% decrease in the estimated fair value of each trade name.

During the quarter ended September 30, 2023, we identified facts and circumstances that indicated the carrying values of certain long-lived assets within our United States mechanical construction and facilities services segment may not be fully recoverable, necessitating a comparison of their carrying values to the undiscounted pre-tax cash flows estimated to result from the use of such assets. As a result of this test, we determined that these assets were impaired, and, during the third quarter of 2023, recognized a \$2.4 million impairment charge as calculated using a discounted cash flow model. For the year ended December 31, 2023, there were no other indicators of impairment with respect to identifiable intangible assets that are being amortized as well as other long-lived assets.

Other Considerations

As referenced above, impairment testing is based upon assumptions and estimates determined by management from a review of our operating results and business plans as well as forecasts of anticipated growth rates and margins, among other considerations. In addition, estimates of weighted average costs of capital are developed with the assistance of an independent third-party valuation specialist. These assumptions and estimates may change in future periods, especially in times of uncertain economic conditions and rising interest rates. Significant adverse changes to external market conditions or our internal forecasts, if any, could result in future impairment charges, particularly with respect to our United States industrial services segment given that the fair value of this reporting unit more closely approximates its carrying value. It is not possible at this time to determine if any future impairment charge will result or, if it does, whether such a charge would be material to our results of operations.

Refer to Note 8 - Goodwill, Identifiable Intangible Assets, and Other Long-Lived Assets of the notes to consolidated financial statements included in Item 8. Financial Statements and Supplementary Data for further information about our goodwill and identifiable intangible assets as well as our impairment testing. No impairment of our goodwill, identifiable intangible assets, or other long-lived assets was recognized during the years ended December 31, 2022 or 2021.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We have not used any derivative financial instruments during the years ended December 31, 2023 and 2022, including trading or speculating on changes in interest rates or commodity prices of materials used in our business.

Throughout 2022 and much of 2023, the Federal Reserve Board increased the federal funds rate. We are exposed to market risk for changes in interest rates for borrowings under our revolving credit facility. Borrowings under such facility bear interest at variable rates and, as a result of the actions referenced above, such rates have increased throughout 2022 and 2023. For further information regarding our credit facility and associated borrowing rates, refer to Note 9 - Debt of the notes to consolidated financial statements included in Item 8. Financial Statements and Supplementary Data.

We are exposed to construction market risk and its potential related impact on accounts receivable or contract assets on uncompleted contracts. The amounts recorded may be at risk if our customers' ability to pay these obligations is negatively impacted by economic conditions. We continually monitor the creditworthiness of our customers and maintain on-going discussions with customers regarding contract status with respect to change orders and billing terms. Therefore, we believe we take appropriate action to manage market and other risks, but there is no assurance that we will be able to reasonably identify all risks with respect to the collectability of these assets. For further discussion regarding the collectability of our outstanding accounts receivable, refer to Note 2 - Summary of Significant Accounting Policies of the notes to consolidated financial statements included in Item 8. Financial Statements and Supplementary Data.

Amounts invested in our foreign operations are translated into U.S. dollars at the exchange rates in effect at the end of the period. The resulting translation adjustments are recorded as accumulated other comprehensive (loss) income, a component of equity, in the Consolidated Balance Sheets. We believe our exposure to the effects that fluctuating foreign currencies may have on our consolidated results of operations is limited because our foreign operations primarily invoice customers and collect obligations in their respective local currencies. Additionally, expenses associated with these transactions are generally contracted and paid for in their same local currencies.

In addition, we are exposed to market risk of fluctuations in certain commodity prices of materials, such as copper and steel, which are used as components of supplies or materials utilized in our construction, building services, and industrial services operations. We are also exposed to increases in energy prices, particularly as they relate to gasoline prices for our fleet of approximately 13,800 vehicles. While we believe we can increase our contract prices to adjust for some price increases in commodities, there can be no assurance that such price increases, if they were to occur, would be recoverable. Additionally, our fixed price contracts generally do not allow us to adjust our prices and, as a result, increases in material costs could reduce our profitability with respect to projects in progress. Refer to Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations for further discussion regarding the impact of fluctuations in commodity and material prices on our results of operations.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

EMCOR Group, Inc. and Subsidiaries

CONSOLIDATED BALANCE SHEETS

(In thousands, except share and per share data)

	December 31, 2023	December 31, 2022
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 789,750	\$ 456,439
Accounts receivable, less allowance for credit losses of \$ 22,502 and \$22,382, respectively	3,203,490	2,567,371
Contract assets	269,885	273,176
Inventories	110,774	85,641
Prepaid expenses and other	73,072	79,346
Total current assets	4,446,971	3,461,973
Property, plant, and equipment, net	179,378	157,819
Operating lease right-of-use assets	310,498	268,063
Goodwill	956,549	919,151
Identifiable intangible assets, net	586,032	593,975
Other assets	130,293	123,626
Total assets	\$ 6,609,721	\$ 5,524,607
LIABILITIES AND EQUITY		
Current liabilities:		
Current maturities of long-term debt and finance lease liabilities	\$ 2,465	\$ 15,567
Accounts payable	935,967	849,284
Contract liabilities	1,595,109	1,098,263
Accrued payroll and benefits	596,936	465,000
Other accrued expenses and liabilities	312,642	258,190
Operating lease liabilities, current	75,236	67,218
Total current liabilities	3,518,355	2,753,522
Long-term debt and finance lease liabilities	2,838	231,625
Operating lease liabilities, long-term	259,430	220,764
Other long-term obligations	358,283	344,405
Total liabilities	4,138,906	3,550,316
Equity:		
EMCOR Group, Inc. stockholders' equity:		
Preferred stock, \$0.10 par value, 1,000,000 shares authorized, zero issued and outstanding	—	—
Common stock, \$0.01 par value, 200,000,000 shares authorized, 61,094,042 and 60,947,947 shares issued, respectively	611	609
Capital surplus	91,813	74,795
Accumulated other comprehensive loss	(85,704)	(93,451)
Retained earnings	3,814,439	3,214,281
Treasury stock, at cost 14,046,777 and 13,281,222 shares, respectively	(1,351,381)	(1,222,645)
Total EMCOR Group, Inc. stockholders' equity	2,469,778	1,973,589
Noncontrolling interests	1,037	702
Total equity	2,470,815	1,974,291
Total liabilities and equity	\$ 6,609,721	\$ 5,524,607

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

EMCOR Group, Inc. and Subsidiaries
CONSOLIDATED STATEMENTS OF OPERATIONS
For The Years Ended December 31,
(In thousands, except per share data)

	2023	2022	2021
Revenues	\$ 12,582,873	\$ 11,076,120	\$ 9,903,580
Cost of sales	10,493,534	9,472,526	8,401,843
Gross profit	2,089,339	1,603,594	1,501,737
Selling, general and administrative expenses	1,211,233	1,038,717	970,937
Impairment loss on long-lived assets	2,350	—	—
Operating income	875,756	564,877	530,800
Net periodic pension (cost) income	(1,119)	4,311	3,625
Interest expense	(17,199)	(13,199)	(6,071)
Interest income	15,415	2,761	949
Income before income taxes	872,853	558,750	529,303
Income tax provision	239,524	152,628	145,602
Net income including noncontrolling interests	633,329	406,122	383,701
Net income attributable to noncontrolling interests	335	—	169
Net income attributable to EMCOR Group, Inc.	\$ 632,994	\$ 406,122	\$ 383,532
Basic earnings per common share	\$ 13.37	\$ 8.13	\$ 7.09
Diluted earnings per common share	\$ 13.31	\$ 8.10	\$ 7.06
Dividends declared per common share	\$ 0.69	\$ 0.54	\$ 0.52

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

EMCOR Group, Inc. and Subsidiaries
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For The Years Ended December 31,
(In thousands)

	2023	2022	2021
Net income including noncontrolling interests	\$ 633,329	\$ 406,122	\$ 383,701
Other comprehensive income (loss), net of tax:			
Foreign currency translation adjustments	6,417	(10,786)	(360)
Changes in post retirement plans ⁽¹⁾	1,330	897	26,031
 Other comprehensive income (loss)	7,747	(9,889)	25,671
Comprehensive income	641,076	396,233	409,372
Comprehensive income attributable to noncontrolling interests	335	—	169
Comprehensive income attributable to EMCOR Group, Inc.	\$ 640,741	\$ 396,233	\$ 409,203

(1) Net of tax provision of \$0.5 million, \$0.3 million, and \$8.7 million for the years ended December 31, 2023, 2022, and 2021, respectively.

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

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EMCOR Group, Inc. and Subsidiaries
CONSOLIDATED STATEMENTS OF CASH FLOWS
For The Years Ended December 31,
(In thousands)

	2023	2022	2021
Cash flows - operating activities:			
Net income including noncontrolling interests	\$ 633,329	\$ 406,122	\$ 383,701
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	51,822	47,296	48,347
Amortization of identifiable intangible assets	67,143	61,315	64,089
Provision for credit losses	7,859	5,166	8,041
Deferred income taxes	(16,651)	10,483	9,517
Gain on sale or disposal of property, plant, and equipment	(2,057)	(6,393)	(782)
Excess tax benefits from share-based compensation	(1,719)	(1,654)	(828)
Equity (income) loss from unconsolidated entities	(1,660)	(391)	1,170
Non-cash expense for amortization of debt issuance costs	960	960	960
Non-cash expense from contingent consideration arrangements	2,287	1,610	1,810
Non-cash expense for impairment of long-lived assets	2,350	—	—
Non-cash share-based compensation expense	13,739	12,125	11,107
Distributions from unconsolidated entities	400	400	44
Changes in operating assets and liabilities, excluding the effect of businesses acquired:			
Increase in accounts receivable	(626,494)	(340,091)	(246,856)
Increase in inventories	(23,442)	(31,541)	(116)
Decrease (increase) in contract assets	5,733	(44,725)	(50,648)
Increase in accounts payable	82,192	111,488	54,849
Increase in contract liabilities	489,728	299,897	44,713
Increase (decrease) in accrued payroll and benefits and other accrued expenses and liabilities	189,268	(30,025)	46,573
Changes in other assets and liabilities, net	24,868	(4,109)	(56,874)
Net cash provided by operating activities	899,655	497,933	318,817
Cash flows - investing activities:			
Payments for acquisitions of businesses, net of cash acquired	(96,491)	(98,656)	(118,239)
Proceeds from sale or disposal of property, plant, and equipment	13,604	7,145	2,754
Purchases of property, plant, and equipment	(78,404)	(49,289)	(36,192)
Investments in and advances to unconsolidated entities	—	—	(1,595)
Distributions from unconsolidated entities	—	—	196
Net cash used in investing activities	(161,291)	(140,800)	(153,076)
Cash flows - financing activities:			
Proceeds from revolving credit facility	200,000	270,000	—
Repayments of revolving credit facility	(200,000)	(270,000)	—
Repayments of long-term debt and debt issuance costs	(246,171)	(13,875)	(13,875)
Repayments of finance lease liabilities	(2,776)	(3,551)	(4,189)
Dividends paid to stockholders	(32,684)	(27,187)	(28,163)
Repurchases of common stock	(127,713)	(660,609)	(195,546)
Taxes paid related to net share settlements of equity awards	(6,060)	(7,539)	(4,210)
Issuances of common stock under employee stock purchase plan	9,189	8,177	7,328
Payments for contingent consideration arrangements	(5,839)	(5,534)	(6,758)
Distributions to noncontrolling interests	—	—	(43)
Net cash used in financing activities	(412,054)	(710,118)	(245,456)
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	6,372	(12,515)	(1,279)
Increase (decrease) in cash, cash equivalents, and restricted cash	332,682	(365,500)	(80,994)
Cash, cash equivalents, and restricted cash at beginning of year⁽¹⁾	457,068	822,568	903,562
Cash, cash equivalents, and restricted cash at end of period⁽¹⁾	\$ 789,750	\$ 457,068	\$ 822,568

(1) Includes \$0.6 million, \$1.2 million, and \$0.7 million of restricted cash classified as "Prepaid expenses and other" in the Consolidated Balance Sheets as of December 31, 2022,

2021, and 2020, respectively.

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

EMCOR Group, Inc. and Subsidiaries
CONSOLIDATED STATEMENTS OF EQUITY
For The Years Ended December 31,
(In thousands)

	EMCOR Group, Inc. Stockholders						
	Total	Accumulated other comprehensive loss ⁽¹⁾					
		Common stock	Capital surplus	Retained earnings	Treasury stock	Noncontrolling interests	
Balance, December 31, 2020	\$ 2,053,244	\$ 606	\$ 47,464	\$ (109,233)	\$ 2,480,321	\$ (366,490)	\$ 576
Net income including noncontrolling interests	383,701	—	—	—	383,532	—	169
Other comprehensive income	25,671	—	—	25,671	—	—	—
Common stock issued under share-based compensation plans	—	1	(1)	—	—	—	—
Tax withholding for common stock issued under share-based compensation plans	(4,210)	—	(4,210)	—	—	—	—
Common stock issued under employee stock purchase plan	7,328	—	7,328	—	—	—	—
Common stock dividends	(28,163)	—	186	—	(28,349)	—	—
Repurchases of common stock	(195,546)	—	—	—	—	(195,546)	—
Distributions to noncontrolling interests	(43)	—	—	—	—	—	(43)
Share-based compensation expense	11,107	—	11,107	—	—	—	—
Balance, December 31, 2021	\$ 2,253,089	\$ 607	\$ 61,874	\$ (83,562)	\$ 2,835,504	\$ (562,036)	\$ 702
Net income including noncontrolling interests	406,122	—	—	—	406,122	—	—
Other comprehensive loss	(9,889)	—	—	(9,889)	—	—	—
Common stock issued under share-based compensation plans	2	2	—	—	—	—	—
Tax withholding for common stock issued under share-based compensation plans	(7,539)	—	(7,539)	—	—	—	—
Common stock issued under employee stock purchase plan	8,177	—	8,177	—	—	—	—
Common stock dividends	(27,187)	—	158	—	(27,345)	—	—
Repurchases of common stock	(660,609)	—	—	—	—	(660,609)	—
Share-based compensation expense	12,125	—	12,125	—	—	—	—
Balance, December 31, 2022	\$ 1,974,291	\$ 609	\$ 74,795	\$ (93,451)	\$ 3,214,281	\$ (1,222,645)	\$ 702
Net income including noncontrolling interests	633,329	—	—	—	632,994	—	335
Other comprehensive income	7,747	—	—	7,747	—	—	—
Common stock issued under share-based compensation plans	—	2	(2)	—	—	—	—
Tax withholding for common stock issued under share-based compensation plans	(6,060)	—	(6,060)	—	—	—	—
Common stock issued under employee stock purchase plan	9,189	—	9,189	—	—	—	—
Common stock dividends	(32,684)	—	152	—	(32,836)	—	—
Repurchases of common stock	(128,736)	—	—	—	—	(128,736)	—
Share-based compensation expense	13,739	—	13,739	—	—	—	—
Balance, December 31, 2023	\$ 2,470,815	\$ 611	\$ 91,813	\$ (85,704)	\$ 3,814,439	\$ (1,351,381)	\$ 1,037

(1) Represents cumulative foreign currency translation and post retirement liability adjustments of \$(1.8) million and \$(83.9) million, respectively, as of December 31, 2023, \$(8.3) million and \$(85.2) million, respectively, as of December 31, 2022, and \$2.5 million and \$(86.1) million, respectively, as of December 31, 2021.

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

EMCOR Group, Inc. and Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - NATURE OF OPERATIONS

References to the "Company," "EMCOR," "we," "us," "our" and similar words refer to EMCOR Group, Inc. and its consolidated subsidiaries unless the context indicates otherwise.

We are one of the largest specialty contractors in the United States and a leading provider of electrical and mechanical construction and facilities services, building services, and industrial services. Our services are provided to a broad range of commercial, technology, manufacturing, industrial, healthcare, utility, and institutional customers through approximately 100 operating subsidiaries, which specialize principally in providing construction services relating to electrical and mechanical systems in all types of facilities and in providing various services relating to the operation, maintenance, and management of those facilities.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and the subsidiaries and joint ventures it controls. All intercompany accounts and transactions have been eliminated. Investments over which we exercise significant influence, but do not control, are accounted for using the equity method of accounting. For joint ventures that have been accounted for using the consolidation method of accounting, noncontrolling interests represent the allocation of earnings to our joint venture partners who either have a minority-ownership interest in the joint venture or are not the primary beneficiary of the joint venture.

The results of operations of companies acquired have been included in the results of operations from the date of the respective acquisition.

Principles of Preparation

The preparation of the consolidated financial statements, in conformity with accounting principles generally accepted in the United States, requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could materially differ from those estimates.

Our reportable segments and related disclosures reflect certain reclassifications of prior year amounts from our United States mechanical construction and facilities services segment to our United States building services segment due to changes in our internal reporting structure aimed at realigning our service offerings.

Revenue Recognition

Revenue is recognized when promised goods or services are transferred to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. Refer to Note 3 - Revenue from Contracts with Customers of the notes to consolidated financial statements for additional information.

Cash and Cash Equivalents

For purposes of the consolidated financial statements, we consider all highly liquid instruments with original maturities of three months or less to be cash equivalents. We maintain a centralized cash management system whereby our excess cash balances are invested in high quality short-term money market instruments, which are considered cash equivalents. We have cash balances in certain of our domestic bank accounts that exceed federally insured limits.

Accounts Receivable and Allowance for Credit Losses

Accounts receivable are recognized in the period we deliver goods and services to our customers or when our right to consideration is unconditional. The Company maintains an allowance for credit losses to reduce outstanding receivables to their net realizable value. Judgment is required when determining expected credit losses. Estimates of such losses are recorded when we believe a customer, or group of customers, may not be able to meet their financial obligations due to deterioration in financial condition or credit rating. Factors relevant to our assessment include our prior collection history with our customers, the related aging of past due balances, projections of credit losses based on historical trends in credit quality indicators or past events, and forecasts of future economic conditions. In addition to monitoring delinquent accounts, management reviews the credit quality of its receivables by, among other things, obtaining credit ratings of significant customers, assessing economic and market conditions, and evaluating material changes to a customer's business, cash flows, and financial condition.

EMCOR Group, Inc. and Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

At December 31, 2023 and 2022, our accounts receivable of \$ 3,203.5 million and \$2,567.4 million, respectively, were recorded net of allowances for credit losses of \$22.5 million and \$22.4 million, respectively. Allowances for credit losses are based on the best facts available and are reassessed and adjusted on a regular basis as additional information is received. Should anticipated collections fail to materialize, or if future economic conditions compare unfavorably to our forecasts, we could experience an increase in our credit losses. The provision for credit losses during 2023, 2022, and 2021 amounted to approximately \$7.9 million, \$5.2 million, and \$8.0 million, respectively.

The change in the allowance for credit losses for the year ended December 31, 2023 was as follows (in thousands):

Balance at December 31, 2022	\$ 22,382
Provision for credit losses	7,859
Amounts written off against the allowance, net of recoveries	<u>(7,739)</u>
Balance at December 31, 2023	<u>\$ 22,502</u>

Inventories

Inventories are stated at the lower of cost or net realizable value. Cost is determined principally using the average cost method. Refer to Note 6 - Inventories of the notes to consolidated financial statements for additional information.

Leases

At the inception of a contract, we determine whether the arrangement is or contains a lease. Leases are classified as either operating or finance, based on our evaluation of certain criteria. With the exception of short-term leases (leases with an initial term of 12 months or less), we record right-of-use assets and corresponding lease liabilities on the Consolidated Balance Sheets for all leases with contractual fixed payments. Lease liabilities are measured at the present value of remaining lease payments, while right-of-use assets are initially set equal to the lease liability, as adjusted for any payments made prior to lease commencement, lease incentives, and any initial direct costs incurred by us. For operating leases, rent expense is recognized on a straight-line basis over the term of the lease, and right-of-use assets are subsequently re-measured to reflect the effect of uneven lease payments. For finance leases, right-of-use assets are amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset. Expenses for finance leases include the amortization of right-of-use assets, which is recorded as depreciation and amortization expense, and interest expense, which reflects interest accrued on the lease liability.

Short-term leases are not recorded on the Consolidated Balance Sheets but are expensed on a straight-line basis over the lease term. The majority of the Company's short-term leases relate to equipment used on construction projects. Such equipment leases are considered short-term in nature unless it is reasonably certain that the equipment will be leased for a period greater than 12 months.

Refer to Note 16 - Leases of the notes to consolidated financial statements for additional information.

Property, Plant, and Equipment

Property, plant, and equipment is stated at cost. Depreciation, including amortization of assets under finance leases, is recorded using the straight-line method over estimated useful lives of 3 to 10 years for machinery and equipment, 3 to 7 years for vehicles, furniture and fixtures, and computer hardware/software, and 25 years for buildings. Leasehold improvements are amortized over the shorter of the remaining lease term or the expected useful life of the improvement.

The carrying values of property, plant, and equipment are reviewed for impairment whenever facts and circumstances indicate that the carrying amount may not be fully recoverable. In performing this review for recoverability, property, plant, and equipment is assessed for possible impairment by comparing their carrying values to the undiscounted net pre-tax cash flows expected to result from the use of the asset. Impaired assets are written down to their fair values, generally determined based on their estimated future discounted cash flows.

EMCOR Group, Inc. and Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Goodwill, Identifiable Intangible Assets, and Other Long-Lived Assets

Goodwill and indefinite-lived intangible assets, such as trade names, are evaluated at least annually for impairment (each October 1, absent any earlier identified impairment indicators) and are written down if impaired. Identifiable intangible assets with finite lives are amortized over their useful lives and, along with certain other long-lived assets, are reviewed for impairment whenever facts and circumstances indicate that their carrying values may not be fully recoverable. See Note 8 - Goodwill, Identifiable Intangible Assets, and Other Long-Lived Assets of the notes to consolidated financial statements for additional information.

Insurance Liabilities

We have loss payment deductibles for certain workers' compensation, automobile liability, general liability, and property claims, have self-insured retentions for certain other casualty claims, and are self-insured for employee-related healthcare claims. In addition, we maintain a wholly-owned captive insurance subsidiary to manage certain of our insurance liabilities. Losses are recorded based upon estimates of our liability for claims incurred and for claims incurred but not reported. The liabilities are derived from known facts, historical trends, and industry averages, utilizing the assistance of an independent third-party actuary to determine the best estimate for the majority of these obligations. As of December 31, 2023 and 2022, the estimated current portion of such undiscounted insurance liabilities, included in "Other accrued expenses and liabilities" in the accompanying Consolidated Balance Sheets, were \$51.0 million and \$54.8 million, respectively. The estimated non-current portion of such undiscounted insurance liabilities included in "Other long-term obligations" as of December 31, 2023 and 2022 were \$229.8 million and \$221.7 million, respectively. The current portion of anticipated insurance recoveries of \$11.9 million and \$16.0 million as of December 31, 2023 and 2022, respectively, were included in "Prepaid expenses and other" and the non-current portion of anticipated insurance recoveries of \$48.8 million and \$59.0 million as of December 31, 2023 and 2022, respectively, were included in "Other assets" in the accompanying Consolidated Balance Sheets.

Foreign Operations

The financial statements and transactions of our foreign subsidiaries are maintained in their functional currency and translated into U.S. dollars when preparing our consolidated financial statements. Statements of operations, comprehensive income, and cash flows are translated using weighted average monthly exchange rates, while balance sheets are translated at month-end exchange rates. Translation adjustments are recorded as "Accumulated other comprehensive loss," a separate component of "Equity."

Income Taxes

The Company follows the liability method of accounting for income taxes. Under this method, deferred income tax assets and liabilities are recognized for the expected future tax consequences of temporary differences between the financial statement and income tax bases of assets and liabilities as well as for net operating loss and tax credit carryforwards. Deferred income taxes are valued using enacted tax rates expected to be in effect when income taxes are paid or recovered, with the effect of a change in tax laws or rates recognized in the statement of operations in the periods in which such change is enacted. The ultimate realization of deferred income tax assets is dependent upon the generation of future taxable income during the period in which those temporary differences become deductible. Deferred income taxes are recorded net of a valuation allowance when it is more likely than not that all or a portion of a deferred tax asset will not be realized. In making such determination, we consider all available evidence, including projections of future taxable income, tax-planning strategies, and recent results of operations.

Tax benefits associated with uncertain tax positions are recognized only if it is more likely than not that the tax position would be sustained on its technical merits. For positions not meeting the "more likely than not" test, no tax benefit is recognized. To the extent interest and penalties may be assessed related to unrecognized tax benefits, we record accruals for such amounts as a component of the income tax provision. We had no unrecognized income tax benefits as of December 31, 2023 and 2022.

Valuation of Share-Based Compensation

Our share-based compensation plans and programs are administered by our Board of Directors or its Compensation and Personnel Committee. See Note 13 - Share-Based Compensation Plans of the notes to consolidated financial statements for additional information regarding these share-based compensation plans and programs.

EMCOR Group, Inc. and Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

We recognize expense for all share-based payments issued to acquire goods or services based on the fair value of such payments. Compensation expense related to share-based awards is generally recognized on a straight-line basis over the requisite service period, which is the vesting period. The benefits of tax deductions in excess of recognized compensation expense are recognized in the Consolidated Statements of Operations when the underlying awards vest or are settled.

New Accounting Pronouncements

The Financial Accounting Standards Board (the "FASB") has issued an Accounting Standards Update ("ASU"), which provides temporary optional expedients and exceptions to existing U.S. GAAP. This guidance is aimed at easing the financial reporting burdens related to reference rate reform, including the market transition from the London interbank offered rate ("LIBOR"), or other interbank offered rates, to alternative reference rates. Such accounting pronouncement, as amended, allows entities to account for and present certain contract modifications, which occur before December 31, 2024 and result from the transition to an alternative reference rate, as an event that does not require remeasurement at the modification date or reassessment of a previous accounting determination. In order to utilize such guidance, an entity must first conclude that the modified terms directly replace or have the potential to replace an eligible reference rate due to reference rate reform, and that any contemporaneous changes to other terms that change, or have the potential to change, the amount or timing of contractual cash flows are related to the replacement of a reference rate. During the second quarter of 2023, we amended our then existing credit agreement to change the reference rate from LIBOR to an interest rate based on the secured overnight financing rate, as administered by the Federal Reserve Bank of New York ("SOFR"). As such amendment was within the scope of the aforementioned guidance, we adopted this accounting pronouncement and utilized the optional expedients referenced above. We are not exposed to any other material contracts that reference LIBOR. The adoption of this accounting pronouncement did not have a material impact on our financial position and/or results of operations.

In November 2023, the FASB issued an ASU, which expands the required disclosure for reportable segments. This guidance requires entities to disclose significant segment expenses and other segment items on an annual and interim basis and to provide in interim periods all segment disclosures which are currently required annually. This ASU additionally requires entities to disclose the title and position of the individual or the name of the group or committee identified as its chief operating decision-maker. Such guidance, which is required to be applied retrospectively, is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024, although early adoption is permitted. While the adoption of this ASU will not have an impact on our financial position and/or results of operations, we are currently evaluating the impact to our segment disclosures.

In December 2023, the FASB issued an ASU intended to enhance the transparency and decision-usefulness of income tax disclosures. Such guidance requires entities to provide additional information within their income tax rate reconciliation, including further disclosure of federal, state, and foreign income taxes and to provide more details about these reconciling items if a quantitative threshold is met. This guidance additionally requires expanded disclosure of income taxes paid, including amounts paid for federal, state, and foreign taxes. This ASU, which is required to be applied prospectively, is effective for fiscal years beginning after December 15, 2024, although early adoption and retrospective application is permitted. While the adoption of this ASU will not have an impact on our financial position and/or results of operations, we are currently evaluating the impact on our income tax disclosures, including the processes and controls around the collection of this information.

NOTE 3 - REVENUE FROM CONTRACTS WITH CUSTOMERS

The Company recognizes revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which we expect to be entitled in exchange for those goods or services by applying the following five step model:

(1) Identify the contract with a customer

A contract with a customer exists when: (a) the parties have approved the contract and are committed to perform their respective obligations, (b) the rights of the parties can be identified, (c) payment terms can be identified, (d) the arrangement has commercial substance, and (e) collectability of consideration is probable. Judgment is required when determining if the contractual criteria are met, specifically in the earlier stages of a project when a formally executed contract may not yet exist. In these situations, the Company evaluates all relevant facts and circumstances, including the existence of other forms of documentation or historical experience with our customers that may indicate a contractual agreement is in place and revenue should be recognized. In determining if the collectability of consideration is probable, the Company considers the customer's ability and intention to pay such consideration through an evaluation of several factors, including an assessment of the creditworthiness of the customer and our prior collection history with such customer.

EMCOR Group, Inc. and Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3 - REVENUE FROM CONTRACTS WITH CUSTOMERS (Continued)

(2) Identify the performance obligations in the contract

At contract inception, the Company assesses the goods or services promised in a contract and identifies, as a separate performance obligation, each distinct promise to transfer goods or services to the customer. The identified performance obligations represent the "unit of account" for purposes of determining revenue recognition. In order to properly identify separate performance obligations, the Company applies judgment in determining whether each good or service provided is: (a) capable of being distinct, whereby the customer can benefit from the good or service either on its own or together with other resources that are readily available to the customer, and (b) distinct within the context of the contract, whereby the transfer of the good or service to the customer is separately identifiable from other promises in the contract.

In addition, when assessing performance obligations within a contract, the Company considers the warranty provisions included within such contract. To the extent the warranty terms provide the customer with an additional service, other than assurance that the promised good or service complies with agreed upon specifications, such warranty is accounted for as a separate performance obligation. In determining whether a warranty provides an additional service, the Company considers each warranty provision in comparison to warranty terms which are standard in the industry.

Our contracts are often modified through change orders to account for changes in the scope and price of the goods or services we are providing. Although the Company evaluates each change order to determine whether such modification creates a separate performance obligation, the majority of our change orders are for goods or services that are not distinct within the context of our original contract and, therefore, are not treated as separate performance obligations.

(3) Determine the transaction price

The transaction price represents the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to our customers. The consideration promised within a contract may include fixed amounts, variable amounts, or both. To the extent the performance obligation includes variable consideration, including contract bonuses and penalties that can either increase or decrease the transaction price, the Company estimates the amount of variable consideration to be included in the transaction price utilizing one of two prescribed methods, depending on which method better predicts the amount of consideration to which the entity will be entitled. Such methods include: (a) the expected value method, whereby the amount of variable consideration to be recognized represents the sum of probability-weighted amounts in a range of possible consideration amounts, and (b) the most likely amount method, whereby the amount of variable consideration to be recognized represents the single most likely amount in a range of possible consideration amounts. When applying these methods, the Company considers all information that is reasonably available, including historical, current, and estimates of future performance. The expected value method is typically utilized in situations where a contract contains a large number of possible outcomes while the most likely amount method is typically utilized in situations where a contract has only two possible outcomes.

Variable consideration is included in the transaction price only to the extent it is probable, in the Company's judgment, that a significant future reversal in the amount of cumulative revenue recognized under the contract will not occur when the uncertainty associated with the variable consideration is subsequently resolved. This threshold is referred to as the variable consideration constraint. In assessing whether to apply the variable consideration constraint, the Company considers if factors exist that could increase the likelihood or the magnitude of a potential reversal of revenue, including, but not limited to, whether: (a) the amount of consideration is highly susceptible to factors outside of the Company's influence, such as the actions of third parties, (b) the uncertainty surrounding the amount of consideration is not expected to be resolved for a long period of time, (c) the Company's experience with similar types of contracts is limited or that experience has limited predictive value, (d) the Company has a practice of either offering a broad range of price concessions or changing the payment terms and conditions of similar contracts in similar circumstances, and (e) the contract has a large number and broad range of possible consideration amounts.

Pending change orders represent one of the most common forms of variable consideration included within contract value and typically represent contract modifications for which a change in scope has been authorized or acknowledged by our customer but the final adjustment to contract price is yet to be negotiated. In estimating the transaction price for pending change orders, the Company considers all relevant facts, including documented correspondence with the customer regarding acknowledgment of and/or agreement with the modification, as well as historical experience with the customer or similar contractual circumstances. Based upon this assessment, the Company estimates the transaction price, including whether the variable consideration constraint should be applied.

EMCOR Group, Inc. and Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3 - REVENUE FROM CONTRACTS WITH CUSTOMERS (Continued)

Contract claims are another form of variable consideration which is common within our industry. Claim amounts represent revenue that has been recognized for contract modifications that are not submitted or are in dispute as to both scope and price. In estimating the transaction price for claims, the Company considers all relevant facts available. However, given the uncertainty surrounding claims, including the potential long-term nature of dispute resolution and the broad range of possible consideration amounts, there is an increased likelihood that any additional contract revenue associated with contract claims is constrained. The resolution of claims involves negotiations and, in certain cases, litigation. In the event litigation costs are incurred by us in connection with claims, such litigation costs are expensed as incurred, although we may seek to recover these costs.

For some transactions, the receipt of consideration does not match the timing of the transfer of goods or services to the customer. For such contracts, the Company evaluates whether this timing difference represents a financing arrangement within the contract. Although rare, if a contract is determined to contain a significant financing component, the Company adjusts the promised amount of consideration for the effects of the time value of money when determining the transaction price of such contract. Although our customers may retain a portion of the contract price until completion of the project and final contract settlement, these retainage amounts are not considered a significant financing component as the intent of the withheld amounts is to provide the customer with assurance that we will complete our obligations under the contract rather than to provide financing to the customer. In addition, although we may be entitled to advanced payments from our customers on certain contracts, these advanced payments generally do not represent a significant financing component as the payments are used to meet working capital demands that can be higher in the early stages of a contract, as well as to protect us from our customer failing to meet its obligations under the contract.

Changes in the estimates of transaction prices are recognized on a cumulative catch-up basis in the period in which the revisions to the estimates are made. Such changes in estimates can result in the recognition of revenue in a current period for performance obligations which were satisfied or partially satisfied in prior periods. Such changes in estimates may also result in the reversal of previously recognized revenue if the ultimate outcome differs from the Company's previous estimate.

(4) Allocate the transaction price to the performance obligations in the contract

For contracts that contain multiple performance obligations, the Company allocates the transaction price to each performance obligation based on a relative standalone selling price. The Company determines the standalone selling price based on the price at which the performance obligation would have been sold separately in similar circumstances to similar customers. If the standalone selling price is not observable, the Company estimates the standalone selling price taking into account all available information such as market conditions and internal pricing guidelines. In certain circumstances, the standalone selling price is determined using an expected profit margin on anticipated costs related to the performance obligation.

(5) Recognize revenue as performance obligations are satisfied

The Company recognizes revenue at the time the related performance obligation is satisfied by transferring a promised good or service to its customers. A good or service is considered to be transferred when the customer obtains control. The Company can transfer control of a good or service and satisfy its performance obligations either over time or at a point in time. The Company transfers control of a good or service over time and, therefore, satisfies a performance obligation and recognizes revenue over time if one of the following three criteria are met: (a) the customer simultaneously receives and consumes the benefits provided by the Company's performance as we perform, (b) the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced, or (c) the Company's performance does not create an asset with an alternative use to us, and we have an enforceable right to payment for performance completed to date.

For our performance obligations satisfied over time, we recognize revenue by measuring the progress toward complete satisfaction of that performance obligation. The selection of the method to measure progress towards completion can be either an input method or an output method and requires judgment based on the nature of the goods or services to be provided.

For our construction contracts, revenue is generally recognized over time as our performance creates or enhances an asset that the customer controls as it is created or enhanced. Our fixed price construction projects generally use a cost-to-cost input method to measure our progress towards complete satisfaction of the performance obligation as we believe it best depicts the transfer of control to the customer which occurs as we incur costs on our contracts. Under the cost-to-cost measure of progress, the extent of progress towards completion is measured based on the ratio of costs incurred to date to the total estimated costs at completion of the performance obligation.

EMCOR Group, Inc. and Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3 - REVENUE FROM CONTRACTS WITH CUSTOMERS (Continued)

For our unit price construction contracts, progress towards complete satisfaction is measured through an output method, such as the number of units produced or delivered, when our performance does not produce significant amounts of work in process or finished goods prior to complete satisfaction of such performance obligations.

For our services contracts, revenue is also generally recognized over time as the customer simultaneously receives and consumes the benefits of our performance as we perform the service. For our fixed price service contracts with specified service periods, revenue is generally recognized on a straight-line basis over such service period when our inputs are expended evenly and the customer receives and consumes the benefits of our performance throughout the contract term.

The timing of revenue recognition for the manufacturing of new build heat exchangers within our United States industrial services segment depends on the payment terms of the contract, as our performance does not create an asset with an alternative use to us. For those contracts for which we have a right to payment for performance completed to date at all times throughout our performance, inclusive of a cancellation, we recognize revenue over time. For these performance obligations, we use a cost-to-cost input method to measure our progress towards complete satisfaction of the performance obligation as we believe it best depicts the transfer of control to the customer which occurs as we incur costs on our contracts. However, for those contracts for which we do not have a right, at all times, to payment for performance completed to date, we recognize revenue at the point in time when control is transferred to the customer. For bill-and-hold arrangements, revenue is recognized when the customer obtains control of the heat exchanger, which may be prior to shipping if certain recognition criteria are met.

For certain of our revenue streams, such as call-out repair and service work, outage services, refinery turnarounds, and specialty welding services that are performed under time and materials contracts, our progress towards complete satisfaction of such performance obligations is measured using an output method as the customer receives and consumes the benefits of our performance completed to date.

Changes in Estimates

Due to uncertainties inherent in the estimation process, as well as the significant judgment involved in determining variable consideration, it is possible that estimates of costs to complete a performance obligation, and/or our estimates of transaction prices, will be revised in the near term. For those performance obligations for which revenue is recognized using a cost-to-cost input method, changes in total estimated costs, and related progress towards complete satisfaction of the performance obligation, or changes in the estimate of transaction prices, are recognized on a cumulative catch-up basis in the period in which the revisions to the estimates are made. When the current estimate of total costs for a performance obligation indicates a loss, a provision for the entire estimated loss on the unsatisfied performance obligation is made in the period in which the loss becomes evident.

Based on an evaluation of individual projects that had revisions to total estimated costs, or anticipated contract value, which resulted in a reduction of profitability in excess of \$1.0 million, our operating results were negatively impacted during the years ended December 31, 2023, 2022, and 2021, as summarized in the following table (in thousands):

	2023	2022	2021
United States electrical construction and facilities services	\$ 12,535	\$ 33,463	\$ 4,627
United States mechanical construction and facilities services	10,864	13,679	2,264
United States building services	5,658	1,261	—
Total impact	<u>\$ 29,057</u>	<u>\$ 48,403</u>	<u>\$ 6,891</u>

During the year ended December 31, 2023, we recognized revenue of approximately \$ 16.5 million on individual projects that were substantially complete in prior periods but had revisions to total estimated cost or anticipated contract value, which resulted in an increase to profitability in excess of \$1.0 million. Of this amount, approximately \$ 3.4 million was reported within our United States electrical construction and facilities services segment and approximately \$13.1 million was reported within our United States mechanical construction and facilities services segment. There were no significant amounts of revenue recognized during the years ended December 31, 2022 or 2021 related to performance obligations satisfied in prior periods.

EMCOR Group, Inc. and Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3 - REVENUE FROM CONTRACTS WITH CUSTOMERS (Continued)

Disaggregation of Revenues

Our revenues are principally derived from contracts to provide construction services relating to electrical and mechanical systems, as well as to provide a number of building services and industrial services to our customers. Our contracts are with many different customers in numerous industries.

The following tables provide further disaggregation of our revenues by categories we use to evaluate our financial performance within each of our reportable segments (in thousands, except for percentages). Refer to Note 18 - Segment Information of the notes to consolidated financial statements for additional information on how we disaggregate our revenues by reportable segment.

Due to continued growth in certain of our end markets, during 2023, we have expanded the market sectors included in the disclosure for each of our United States construction segments, as shown below. All prior period disclosures have been adjusted to additionally reflect these changes.

	2023	% of Total	2022	% of Total	2021	% of Total
United States electrical construction and facilities services:						
Network and communications market sector	\$ 934,455	34 %	\$ 801,052	33 %	\$ 621,139	30 %
Commercial market sector	402,886	14 %	414,539	17 %	398,996	20 %
Manufacturing and industrial market sector	394,804	14 %	301,606	12 %	230,894	11 %
Healthcare market sector	242,931	9 %	178,348	7 %	107,442	5 %
High-tech manufacturing market sector	140,471	5 %	88,544	4 %	35,196	2 %
Institutional market sector	147,375	5 %	154,077	6 %	178,729	9 %
Transportation market sector	167,976	6 %	166,563	7 %	196,313	10 %
Water and wastewater market sector	21,234	1 %	21,251	1 %	14,962	1 %
Hospitality and entertainment market sector	81,815	3 %	33,818	1 %	23,257	1 %
Short duration projects ⁽¹⁾	186,722	7 %	211,797	9 %	185,277	9 %
Service work	65,338	2 %	65,709	3 %	40,963	2 %
	2,786,007		2,437,304		2,033,168	
Less intersegment revenues	(2,284)		(4,190)		(3,275)	
Total segment revenues	\$ 2,783,723		\$ 2,433,114		\$ 2,029,893	
 United States mechanical construction and facilities services:						
Network and communications market sector	\$ 410,397	8 %	\$ 295,261	7 %	\$ 279,953	7 %
Commercial market sector	1,115,993	22 %	1,079,872	25 %	1,042,751	27 %
Manufacturing and industrial market sector	698,993	14 %	632,332	15 %	579,176	15 %
Healthcare market sector	489,485	10 %	479,937	11 %	487,111	12 %
High-tech manufacturing market sector	845,251	16 %	320,597	7 %	173,302	4 %
Institutional market sector	316,255	6 %	331,727	8 %	263,285	7 %
Transportation market sector	42,789	1 %	57,026	1 %	84,503	2 %
Water and wastewater market sector	286,912	6 %	261,501	6 %	213,314	5 %
Hospitality and entertainment market sector	52,919	1 %	44,615	1 %	66,059	2 %
Short duration projects ⁽¹⁾	324,056	6 %	333,066	8 %	292,795	8 %
Service work	500,853	10 %	467,156	11 %	446,786	11 %
	5,083,903		4,303,090		3,929,035	
Less intersegment revenues	(9,100)		(10,882)		(6,835)	
Total segment revenues	\$ 5,074,803		\$ 4,292,208		\$ 3,922,200	

(1) Represents those projects which generally are completed within three months or less.

EMCOR Group, Inc. and Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3 - REVENUE FROM CONTRACTS WITH CUSTOMERS (Continued)

	2023	% of Total	2022	% of Total	2021	% of Total
United States building services:						
Mechanical services	\$ 2,042,244	65 %	\$ 1,748,455	64 %	\$ 1,590,506	65 %
Commercial site-based services	865,232	28 %	810,210	29 %	680,351	28 %
Government site-based services	212,658	7 %	196,288	7 %	184,272	7 %
Total segment revenues	<u><u>\$ 3,120,134</u></u>		<u><u>\$ 2,754,953</u></u>		<u><u>\$ 2,455,129</u></u>	
United States industrial services:						
Field services	\$ 991,466	85 %	\$ 972,894	87 %	\$ 853,143	86 %
Shop services	176,324	15 %	145,873	13 %	133,264	14 %
Total segment revenues	<u><u>\$ 1,167,790</u></u>		<u><u>\$ 1,118,767</u></u>		<u><u>\$ 986,407</u></u>	
Total United States operations	<u><u>\$ 12,146,450</u></u>		<u><u>\$ 10,599,042</u></u>		<u><u>\$ 9,393,629</u></u>	
United Kingdom building services:						
Service work	\$ 210,414	48 %	\$ 221,123	46 %	\$ 261,889	51 %
Project work	226,009	52 %	255,955	54 %	248,062	49 %
Total segment revenues	<u><u>\$ 436,423</u></u>		<u><u>\$ 477,078</u></u>		<u><u>\$ 509,951</u></u>	
Total operations	<u><u>\$ 12,582,873</u></u>		<u><u>\$ 11,076,120</u></u>		<u><u>\$ 9,903,580</u></u>	

Contract Assets and Contract Liabilities

The timing of revenue recognition may differ from the timing of invoicing to customers. Contract assets include unbilled amounts from our construction projects when revenues recognized under the cost-to-cost measure of progress exceed the amounts invoiced to our customers, as the amounts are not yet billable under the terms of our contracts. Such amounts are recoverable from our customers based upon various measures of performance, including achievement of certain milestones, completion of specified units, or completion of a contract. In addition, many of our time and materials arrangements, as well as our contracts to perform turnaround services within the United States industrial services segment, are billed in arrears pursuant to contract terms that are standard within the industry, resulting in contract assets and/or unbilled receivables being recorded as revenue is recognized in advance of billings.

Also included in contract assets are amounts we seek or will seek to collect from customers or others for errors or changes in contract specifications or design, contract change orders or modifications in dispute or unapproved as to scope and/or price, or other customer-related causes of unanticipated additional contract costs (claims and unapproved change orders). Our contract assets do not include capitalized costs to obtain and fulfill a contract. Contract assets are generally classified as current within the Consolidated Balance Sheets.

As of December 31, 2023 and 2022, contract assets included unbilled revenues for unapproved change orders of approximately \$ 29.8 million and \$36.0 million, respectively. Contract assets as of December 31, 2023 and 2022 additionally included \$6.7 million and \$3.8 million, respectively, associated with claims. There were \$15.4 million of claims included within accounts receivable as of December 31, 2023. There were no claims included within accounts receivable as of December 31, 2022.

There were contractually billed amounts and retention related to contracts with unapproved change orders and claims of approximately \$ 157.7 million and \$131.4 million as of December 31, 2023 and 2022, respectively. For contracts in claim status, contractually billed amounts will generally not be paid by the customer to us until final resolution of the related claims.

EMCOR Group, Inc. and Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3 - REVENUE FROM CONTRACTS WITH CUSTOMERS (Continued)

Contract liabilities from our construction contracts arise when amounts invoiced to our customers exceed revenues recognized under the cost-to-cost measure of progress. Contract liabilities additionally include advanced payments from our customers on certain contracts. Contract liabilities decrease as we recognize revenue from the satisfaction of the related performance obligation and are recorded as either current or long-term, depending upon when we expect to recognize such revenue. The long-term portion of contract liabilities is included in "Other long-term obligations" in the Consolidated Balance Sheets.

Net contract liabilities in the accompanying Consolidated Balance Sheets consisted of the following amounts as of December 31, 2023 and 2022 (in thousands):

	December 31, 2023	December 31, 2022
Contract assets, current	\$ 269,885	\$ 273,176
Contract assets, non-current	—	—
Contract liabilities, current	(1,595,109)	(1,098,263)
Contract liabilities, non-current	(1,812)	(2,273)
Net contract liabilities	\$ (1,327,036)	\$ (827,360)

Included within net contract liabilities were \$1,261.1 million and \$763.2 million of net contract liabilities on uncompleted construction projects as of December 31, 2023 and 2022, respectively, as follows (in thousands):

	December 31, 2023	December 31, 2022
Costs incurred on uncompleted construction contracts	\$ 15,100,829	\$ 13,231,612
Estimated earnings, thereon	2,381,049	2,025,929
	<u>17,481,878</u>	<u>15,257,541</u>
Less: billings to date	18,742,934	16,020,704
	<u><u>\$ (1,261,056)</u></u>	<u><u>\$ (763,163)</u></u>

Contract assets and contract liabilities increased by approximately \$ 2.0 million and \$3.8 million, respectively, as a result of acquisitions made by us in 2023. Excluding the impact of acquisitions, net contract liabilities increased by approximately \$497.9 million for the year ended December 31, 2023, predominantly due to an increase in net contract liabilities on our uncompleted construction projects, partially as a result of the timing of invoicing to our customers, which included customer deposits and advanced billings on several large projects in the earlier stages of completion, resulting in amounts invoiced exceeding the revenue recognized for such projects. There was no significant impairment of contract assets recognized during the periods presented.

Contract Retentions

As of December 31, 2023 and 2022, accounts receivable included \$ 555.9 million and \$456.9 million, respectively, of retainage billed under terms of our contracts. These retainage amounts represent amounts which have been contractually invoiced to customers where payments have been partially withheld pending the completion of the project. We estimate that approximately 88% of the retainage outstanding as of December 31, 2023 will be collected during 2024.

As of December 31, 2023 and 2022, accounts payable included \$ 93.6 million and \$82.4 million, respectively, of retainage withheld under terms of our subcontracts. These retainage amounts represent amounts invoiced to the Company by our subcontractors where payments have been partially withheld pending the completion of their scope of work. We estimate that approximately 90% of the retainage outstanding as of December 31, 2023 will be paid during 2024.

EMCOR Group, Inc. and Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3 - REVENUE FROM CONTRACTS WITH CUSTOMERS (Continued)

Transaction Price Allocated to Remaining Unsatisfied Performance Obligations

The following table presents the transaction price allocated to remaining unsatisfied performance obligations ("remaining performance obligations") for each of our reportable segments and their respective percentages of total remaining performance obligations as of December 31, 2023 (in thousands, except for percentages):

	<u>December 31, 2023</u>	<u>% of Total</u>
Remaining performance obligations:		
United States electrical construction and facilities services	\$ 2,387,844	27 %
United States mechanical construction and facilities services	4,940,519	56 %
United States building services	1,264,818	14 %
United States industrial services	113,291	1 %
Total United States operations	8,706,472	98 %
United Kingdom building services	140,949	2 %
Total operations	\$ 8,847,421	100 %

Our remaining performance obligations at December 31, 2023 were \$ 8.85 billion. Remaining performance obligations increase with awards of new contracts and decrease as we perform work and recognize revenue on existing contracts. We include a project within our remaining performance obligations at such time the project is awarded and agreement on contract terms has been reached. Our remaining performance obligations include amounts related to contracts for which a fixed price contract value is not assigned when a reasonable estimate of the total transaction price can be made.

Remaining performance obligations include unrecognized revenues to be realized from uncompleted construction contracts. Although many of our construction contracts are subject to cancellation at the election of our customers, in accordance with industry practice, we do not limit the amount of unrecognized revenue included within remaining performance obligations for these contracts as the risk of cancellation is very low due to the inherent substantial economic penalty that our customers would incur upon cancellation or termination. We believe our reported remaining performance obligations for our construction contracts are firm and contract cancellations have not had a material adverse effect on us.

Remaining performance obligations also include unrecognized revenues expected to be realized over the remaining term of service contracts. However, to the extent a service contract includes a cancellation clause which allows for the termination of such contract by either party without a substantive penalty, the remaining contract term, and therefore, the amount of unrecognized revenues included within remaining performance obligations, is limited to the notice period required for the termination.

Our remaining performance obligations are comprised of: (a) original contract amounts, (b) change orders for which we have received written confirmations from our customers, (c) pending change orders for which we expect to receive confirmations in the ordinary course of business, (d) claim amounts that we have made against customers for which we have determined we have a legal basis under existing contractual arrangements and as to which the variable consideration constraint does not apply, and (e) other forms of variable consideration to the extent that such variable consideration has been included within the transaction price of our contracts. Such claim and other variable consideration amounts were immaterial for all periods presented.

EMCOR Group, Inc. and Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3 - REVENUE FROM CONTRACTS WITH CUSTOMERS (Continued)

Refer to the table below for additional information regarding our remaining performance obligations, including an estimate of when we expect to recognize such remaining performance obligations as revenue (in thousands):

	Within one year	Greater than one year
Remaining performance obligations:		
United States electrical construction and facilities services	\$ 1,978,179	\$ 409,665
United States mechanical construction and facilities services	4,314,365	626,154
United States building services	1,157,845	106,973
United States industrial services	113,291	—
Total United States operations	7,563,680	1,142,792
United Kingdom building services	94,711	46,238
Total operations	<u>\$ 7,658,391</u>	<u>\$ 1,189,030</u>

NOTE 4 - ACQUISITIONS OF BUSINESSES

Acquisitions are accounted for utilizing the acquisition method of accounting and the prices paid for them are allocated to their respective assets and liabilities based upon the estimated fair value of such assets and liabilities at the dates of their respective acquisition by us.

During 2023, we acquired eight companies for total consideration of \$ 99.6 million. Such acquisitions include: (a) a national energy efficiency specialty services firm, the results of operations of which have been included in our United States building services segment, and (b) seven companies, the results of operations of which were de minimis, consisting of: (i) three companies that have been included within our United States mechanical construction and facilities services segment, one of which provides mechanical and pipe fabrication services in the Midwestern region of the United States, and two of which add capabilities to our national fire protection services, and (ii) four mechanical services companies in the Western and Midwestern regions of the United States that have been included within our United States building services segment and enhance our presence in geographies where we have existing operations. In connection with these acquisitions, we acquired working capital of \$9.1 million and other net liabilities of \$ 6.1 million, including certain deferred tax liabilities, and have preliminarily ascribed \$37.4 million to goodwill and \$59.2 million to identifiable intangible assets. We expect that \$29.6 million of the goodwill and identifiable intangible assets acquired in connection with these 2023 acquisitions will be deductible for tax purposes.

During 2022, we acquired six companies for total consideration of \$ 100.8 million. Such acquisitions include: (a) a company that provides electrical construction services in the Greater Boston area, the results of operations of which have been included in our United States electrical construction and facilities services segment, and (b) five companies that enhance our presence in geographies where we have existing operations, the results of operations of which were de minimis, consisting of: (i) two companies that provide fire protection services in the Northeastern and Southern regions of the United States, respectively, and that have been included within our United States mechanical construction and facilities services segment, (ii) two companies that specialize in either building automation and controls or mechanical services in the Southwestern and Southern regions of the United States, respectively, and that have been included within our United States building services segment, and (iii) a company that provides electrical construction services in the Midwestern region of the United States and that has been included within our United States electrical construction and facilities services segment. In connection with these acquisitions, we acquired working capital of \$7.1 million and other net liabilities of \$ 1.1 million, and have ascribed \$28.9 million to goodwill and \$65.9 million to identifiable intangible assets. We expect that all of the goodwill and identifiable intangible assets acquired in connection with these 2022 acquisitions will be deductible for tax purposes.

During 2021, we acquired eight companies for total consideration of \$ 131.2 million. Such acquisitions include: (a) two companies, the results of operations of which have been included within our United States mechanical construction and facilities services segment, consisting of: (i) a company that provides mechanical services within the Southern region of the United States and (ii) a company that provides fire protection services in the Midwestern region of the United States, (b) two companies that provide electrical construction services for a broad array of customers in the Midwestern region of the United States, the results of operations of which have been included in our United States electrical construction and facilities services segment, and (c) four companies, the results of operations of which have been included within our United States building services segment, consisting of: (i) a company that provides mechanical services across North Texas and (ii) three companies that enhance our presence in geographies where we have existing operations and provide either mechanical services or building

EMCOR Group, Inc. and Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4 - ACQUISITIONS OF BUSINESSES (Continued)

automation and controls solutions. In connection with these acquisitions, we acquired working capital of \$ 22.9 million and other net liabilities of \$0.6 million, including certain deferred tax liabilities, and have ascribed \$ 38.3 million to goodwill and \$ 70.6 million to identifiable intangible assets. We expect that \$90.5 million of the goodwill and identifiable intangible assets acquired in connection with these 2021 acquisitions will be deductible for tax purposes.

The purchase price allocation for one of the businesses acquired in 2023 is preliminary and subject to change during its measurement period. As we finalize such purchase price allocation, adjustments may be recorded relating to finalization of intangible asset valuations, tax matters, or other items. Although not expected to be significant, such adjustments may result in changes in the valuation of assets and liabilities acquired. The purchase price allocations for the other businesses acquired in 2023 as well as the businesses acquired in 2022 and 2021 have been finalized during their respective measurement periods with an insignificant impact.

NOTE 5 - EARNINGS PER SHARE

The following table summarizes our calculation of Basic and Diluted Earnings per Common Share ("EPS") for the years ended December 31, 2023, 2022, and 2021 (in thousands, except share and per share data):

	2023	2022	2021
Numerator:			
Net income attributable to EMCOR Group, Inc.	\$ 632,994	\$ 406,122	\$ 383,532
Denominator:			
Weighted average shares outstanding used to compute basic earnings per common share	47,358,467	49,931,940	54,068,982
Effect of dilutive securities—Share-based awards	205,791	204,322	278,552
Shares used to compute diluted earnings per common share	47,564,258	50,136,262	54,347,534
Basic earnings per common share	\$ 13.37	\$ 8.13	\$ 7.09
Diluted earnings per common share	\$ 13.31	\$ 8.10	\$ 7.06

The number of outstanding share-based awards excluded from the computation of diluted EPS for the years ended December 31, 2023, 2022, and 2021 because they would be anti-dilutive were 8,700, 4,926, and 9,250, respectively.

NOTE 6 - INVENTORIES

Inventories in the accompanying Consolidated Balance Sheets consisted of the following amounts as of December 31, 2023 and 2022 (in thousands):

	December 31, 2023	December 31, 2022
Raw materials and construction materials	\$ 94,447	\$ 74,014
Work in process	16,327	11,627
Inventories	\$ 110,774	\$ 85,641

The increase in inventories as of December 31, 2023, compared to December 31, 2022, was a result of: (a) advanced purchases of materials and equipment for use on specific construction projects, in an effort to mitigate the impact of increased lead times, which have resulted from supply chain disruptions, (b) an increase in raw materials on hand to support our fabrication facilities given the growth in demand for our fire protection services, and (c) higher levels of work in process inventory within our United States industrial services segment given greater new build heat exchanger orders.

EMCOR Group, Inc. and Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 7 - PROPERTY, PLANT, AND EQUIPMENT

Property, plant, and equipment in the accompanying Consolidated Balance Sheets consisted of the following amounts as of December 31, 2023 and 2022 (in thousands):

	December 31, 2023	December 31, 2022
Machinery and equipment	\$ 224,456	\$ 206,249
Vehicles	76,489	68,858
Furniture and fixtures	27,415	25,253
Computer hardware/software	102,682	109,166
Land, buildings, and leasehold improvements	142,114	130,358
Construction in progress	13,514	6,060
Finance lease right-of-use assets ⁽¹⁾	4,932	6,117
	591,602	552,061
Accumulated depreciation and amortization	(412,224)	(394,242)
	<u>\$ 179,378</u>	<u>\$ 157,819</u>

(1) Finance lease right-of-use assets are recorded net of accumulated amortization.

Depreciation and amortization expense related to property, plant, and equipment, including finance leases, was \$ 51.8 million, \$47.3 million, and \$48.3 million for the years ended December 31, 2023, 2022, and 2021, respectively.

NOTE 8 - GOODWILL, IDENTIFIABLE INTANGIBLE ASSETS, AND OTHER LONG-LIVED ASSETS*Goodwill*

In connection with our acquisition of businesses, we have recorded goodwill, which represents the excess of the consideration transferred over the fair value of the net tangible and identifiable intangible assets acquired. Our goodwill balance at December 31, 2023 and 2022 was \$956.5 million and \$919.2 million, respectively, with goodwill attributable to companies acquired in 2023 and 2022 valued at \$37.4 million and \$28.9 million, respectively. Goodwill is not amortized but instead allocated to its respective reporting unit and evaluated for impairment annually, or more frequently if events or circumstances indicate that the carrying amount of goodwill may be impaired. We have determined that our reporting units are consistent with the reportable segments identified in Note 18 - Segment Information of the notes to consolidated financial statements. As of December 31, 2023, approximately 18.6% of our goodwill related to our United States electrical construction and facilities services segment, approximately 33.3% of our goodwill related to our United States mechanical construction and facilities services segment, approximately 36.2% of our goodwill related to our United States building services segment and approximately 11.9% of our goodwill related to our United States industrial services segment.

Absent any earlier identified impairment indicators, we perform our annual goodwill impairment assessment on October 1 each fiscal year. Qualitative indicators that may trigger the need for interim quantitative impairment testing include, among others, deterioration in macroeconomic conditions, declining financial performance, deterioration in the operational environment, or an expectation of selling or disposing of a portion of a reporting unit. Additionally, an interim impairment test may be triggered by a significant change in business climate, a loss of a significant customer, increased competition, or a sustained decrease in share price. In assessing whether our goodwill is impaired, we compare the fair value of the reporting unit to its carrying amount, including goodwill. If the fair value exceeds the carrying amount, no impairment is recognized. However, if the carrying amount of the reporting unit exceeds the fair value, the goodwill of the reporting unit is impaired and an impairment loss in the amount of the excess is recognized and charged to operations.

We performed our annual impairment assessment of all reporting units as of October 1, 2023, and determined there was no impairment of goodwill. In completing our annual impairment assessment, we determined the fair value of each of our reporting units using an income approach whereby fair value was calculated utilizing discounted estimated future cash flows, assuming a risk-adjusted industry weighted average cost of capital. The weighted average cost of capital used in our annual impairment testing was 10.9% for our United States construction segments, 11.2% for our United States building services segment, and 11.0% for our United States industrial services segment. These weighted average cost of capital estimates were developed with the assistance of an independent third-party valuation specialist and reflect the overall level of inherent risk within the respective reporting unit and the rate of return a market participant would expect to earn. Our cash flow projections were derived from our most recent internal forecasts of anticipated revenue growth rates and operating margins, with cash flows beyond the discrete forecast period estimated using a terminal value calculation which incorporated historical and forecasted trends, an estimate of long-term growth rates, and assumptions about the future demand for our services. The perpetual growth rate used for our annual testing was 2.5% for all of our reporting units.

EMCOR Group, Inc. and Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 8 - GOODWILL, IDENTIFIABLE INTANGIBLE ASSETS, AND OTHER LONG-LIVED ASSETS (Continued)

For the years ended December 31, 2022 and 2021, no impairment of our goodwill was recognized.

Due to the inherent uncertainties involved in making estimates, our assumptions may change in future periods. Estimates and assumptions made for purposes of our goodwill impairment testing may prove to be inaccurate predictions of the future, and other factors used in assessing fair value, such as the weighted average cost of capital, are outside the control of management. Unfavorable changes in certain of these key assumptions may affect future testing results. For example, keeping all other assumptions constant, a 50 basis point increase in the weighted average cost of capital would cause the estimated fair values of our United States electrical construction and facilities services segment, our United States mechanical construction and facilities services segment, our United States building services segment, and our United States industrial services segment to decrease by approximately \$115.2 million, \$249.9 million, \$84.2 million, and \$25.2 million, respectively. In addition, keeping all other assumptions constant, a 50 basis point reduction in the perpetual growth rate would cause the estimated fair values of our United States electrical construction and facilities services segment, our United States mechanical construction and facilities services segment, our United States building services segment, and our United States industrial services segment to decrease by approximately \$56.5 million, \$137.1 million, \$40.4 million, and \$9.3 million, respectively. Given the amounts by which the fair value exceeds the carrying value for each of our reporting units, the decreases in estimated fair values described above would not have significantly impacted the results of our 2023 impairment tests. Further, for each of our reporting units, a 10% decline in the estimated fair value of such reporting unit, due to other changes in our assumptions, including forecasted future cash flows, would not have significantly impacted the results of our 2023 impairment tests.

The changes in the carrying amount of goodwill by reportable segment during the years ended December 31, 2023 and 2022 were as follows (in thousands):

	United States electrical construction and facilities services segment	United States mechanical construction and facilities services segment	United States building services segment	United States industrial services segment	Total
Balance at December 31, 2021	\$ 159,512	\$ 303,887	\$ 312,781	\$ 114,088	\$ 890,268
Acquisitions	17,601	6,942	4,340	—	28,883
Intersegment transfers	900	4,500	(5,400)	—	—
Balance at December 31, 2022	178,013	315,329	311,721	114,088	919,151
Acquisitions	—	4,524	32,874	—	37,398
Intersegment transfers	—	(1,500)	1,500	—	—
Balance at December 31, 2023	<u>\$ 178,013</u>	<u>\$ 318,353</u>	<u>\$ 346,095</u>	<u>\$ 114,088</u>	<u>\$ 956,549</u>

The aggregate goodwill balance as of December 31, 2021 included \$ 493.6 million of accumulated impairment charges, which were comprised of \$ 139.5 million within the United States building services segment and \$354.1 million within the United States industrial services segment.

Identifiable Intangible Assets and Other Long-Lived Assets

Our identifiable intangible assets, arising out of the acquisition of businesses, include customer relationships, subsidiary trade names, developed technology/vendor network, and contract backlog, all of which are subject to amortization. In addition, our identifiable intangible assets include certain other subsidiary trade names, which are indefinite-lived and therefore not subject to amortization.

Absent earlier indicators of impairment, we test for impairment of subsidiary trade names that are not subject to amortization on an annual basis (October 1). In performing this test, we calculate the fair value of each trade name using the "relief from royalty payments" methodology. This approach involves two steps: (a) estimating reasonable royalty rates for each trade name and (b) applying these royalty rates to a net revenue stream and discounting the resulting cash flows to determine fair value. This fair value is then compared with the carrying value of each trade name. If the carrying amount of the trade name is greater than the implied fair value of the trade name, an impairment in the amount of the excess is recognized and charged to operations. For the years ended December 31, 2023, 2022, and 2021, no impairment of our indefinite-lived trade name intangible assets was recognized.

EMCOR Group, Inc. and Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 8 - GOODWILL, IDENTIFIABLE INTANGIBLE ASSETS, AND OTHER LONG-LIVED ASSETS (Continued)

We review for impairment of identifiable intangible assets that are being amortized as well as other long-lived assets whenever facts and circumstances indicate that their carrying values may not be fully recoverable. This test compares their carrying values to the undiscounted pre-tax cash flows expected to result from the use of the assets. If the assets are impaired, the assets are written down to their fair values, generally determined based on their discounted estimated future cash flows. During the quarter ended September 30, 2023, we identified facts and circumstances that indicated the carrying values of certain long-lived assets within our United States mechanical construction and facilities services segment may not be fully recoverable. As a result, we determined that these assets were impaired, and, during the third quarter of 2023, recognized a \$2.4 million impairment charge. For the years ended December 31, 2023, 2022, and 2021, there were no other indicators of impairment with respect to identifiable intangible assets that are being amortized as well as other long-lived assets.

Identifiable intangible assets as of December 31, 2023 and 2022 consisted of the following (in thousands):

	December 31, 2023			
	Gross Carrying Amount	Accumulated Amortization	Accumulated Impairment Charge	Total
Customer relationships	\$ 807,766	\$ (482,594)	\$ (4,834)	\$ 320,338
Trade names (indefinite-lived)	299,271	—	(58,933)	240,338
Developed technology/Vendor network	95,661	(78,788)	—	16,873
Trade names (finite-lived)	35,991	(27,800)	—	8,191
Contract backlog	84,845	(84,553)	—	292
Total	\$ 1,323,534	\$ (673,735)	\$ (63,767)	\$ 586,032

	December 31, 2022			
	Gross Carrying Amount	Accumulated Amortization	Accumulated Impairment Charge	Total
Customer relationships	\$ 762,516	\$ (427,211)	\$ (4,834)	\$ 330,471
Trade names (indefinite-lived)	289,121	—	(58,933)	230,188
Developed technology/Vendor network	95,661	(74,238)	—	21,423
Trade names (finite-lived)	33,791	(25,690)	—	8,101
Contract backlog	83,245	(79,453)	—	3,792
Total	\$ 1,264,334	\$ (606,592)	\$ (63,767)	\$ 593,975

Identifiable intangible assets attributable to businesses acquired in 2023 and 2022 have been valued at \$ 59.2 million and \$65.9 million, respectively, and consist of customer relationships, trade names, and contract backlog. See Note 4 - Acquisitions of Businesses of the notes to consolidated financial statements for additional information with respect to acquisitions.

Identifiable intangible assets are amortized in a manner that best approximates the pattern in which the economic benefits of such assets are consumed, which is generally on a straight-line basis. The weighted average amortization periods for the unamortized balances remaining are, in the aggregate, approximately 7.00 years, which are comprised of the following: 7.25 years for customer relationships, 5.75 years for trade names, and 3.75 years for developed technology/vendor network.

Amortization expense related to identifiable intangible assets with finite lives was \$ 67.1 million, \$61.3 million, and \$64.1 million for the years ended December 31, 2023, 2022, and 2021, respectively.

EMCOR Group, Inc. and Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 8 - GOODWILL, IDENTIFIABLE INTANGIBLE ASSETS, AND OTHER LONG-LIVED ASSETS (Continued)

The following table presents the estimated future amortization expense of identifiable intangible assets in the following years (in thousands):

2024	\$ 63,873
2025	62,369
2026	55,782
2027	42,583
2028	33,818
Thereafter	87,269
	<u>\$ 345,694</u>

Other Considerations

As referenced above, impairment testing is based upon assumptions and estimates determined by management from a review of our operating results and business plans as well as forecasts of anticipated growth rates and margins, among other considerations. In addition, estimates of weighted average costs of capital are developed with the assistance of an independent third-party valuation specialist. These assumptions and estimates may change in future periods, especially in times of uncertain economic conditions and rising interest rates. Significant adverse changes to external market conditions or our internal forecasts, if any, could result in future impairment charges. It is not possible at this time to determine if any future impairment charge will result or, if it does, whether such a charge would be material to our results of operations.

NOTE 9 - DEBT

Excluding finance lease liabilities, we had no outstanding debt as of December 31, 2023. Refer to Note 16 - Leases of the notes to consolidated financial statements for additional information regarding our finance leases, including outstanding balances.

Debt in the accompanying Consolidated Balance Sheets consisted of the following amounts as of December 31, 2022 (in thousands):

	December 31, 2022
Term loan	\$ 242,813
Unamortized debt issuance costs	(2,080)
Finance lease liabilities	6,459
Total debt	247,192
Less: current maturities	15,567
Total long-term debt	<u>\$ 231,625</u>

Credit Agreement

Until December 20, 2023, we had a credit agreement that was entered into on March 2, 2020, which provided for a \$1.3 billion revolving credit facility (the "2020 Revolving Credit Facility") and a \$300.0 million term loan (the "2020 Term Loan"). On December 20, 2023, we amended and restated such agreement (as amended and restated, the "2023 Credit Agreement") to provide for a \$1.3 billion revolving credit facility (the "2023 Revolving Credit Facility") expiring December 20, 2028. If additional lenders are identified and/or existing lenders are willing to increase their current commitments, we may increase the 2023 Revolving Credit Facility by an amount equal to the greater of: (a) \$900 million or (b) the Company's Adjusted EBITDA (as such term is defined in the 2023 Credit Agreement) for the twelve-month period ending immediately prior to the increase in commitment. We may allocate up to \$600.0 million of available capacity under the 2023 Revolving Credit Facility to letters of credit for our account or for the account of any of our subsidiaries.

There were no direct borrowings outstanding under the 2023 Revolving Credit Facility as of December 31, 2023 or the 2020 Revolving Credit Facility as of December 31, 2022. However, outstanding letters of credit reduce the available capacity under these facilities, and as of December 31, 2023 and 2022, we had \$116.7 million and \$71.3 million of letters of credit outstanding, respectively. The balance of the 2020 Term Loan as of December 31, 2022 was \$242.8 million.

EMCOR Group, Inc. and Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 9 - DEBT (Continued)

At the Company's election, borrowings under the 2023 Revolving Credit Facility bear interest at either: (1) a base rate plus a margin of 0.125% to 0.875%, depending on the Company's Leverage Ratio (as such term is defined in the 2023 Credit Agreement), or (2) a rate equal to the secured overnight financing rate as administered by the Federal Reserve Bank of New York for the applicable tenor plus 0.10% ("Adjusted Term SOFR") plus a margin of 1.125% to 1.875%, depending on the Company's Leverage Ratio. The base rate is determined by the greater of: (a) the prime commercial lending rate announced by Bank of Montreal from time to time, (b) the federal funds effective rate, plus ½ of 1.00%, (c) Adjusted Term SOFR for a one-month tenor, plus 1.00%, or (d) 0.00%.

A commitment fee is payable on the average daily unused amount of the 2023 Revolving Credit Facility, which ranges from 0.125% to 0.25%, depending on the Company's Leverage Ratio. The fee was 0.125% of the unused amount as of December 31, 2023. Fees for letters of credit issued under the 2023 Revolving Credit Facility range from 0.85% to 1.875% of the respective face amounts of outstanding letters of credit, depending on the nature of the letter of credit, and are computed depending on the Company's Leverage Ratio.

We capitalized an additional \$3.4 million of debt issuance costs associated with the 2023 Credit Agreement. Debt issuance costs are amortized over the life of the agreement as part of interest expense.

Obligations under the 2023 Credit Agreement are guaranteed by most of our direct and indirect subsidiaries and are secured by substantially all of our assets. The 2023 Credit Agreement contains customary covenants providing for, among other things, the maintenance of certain financial ratios and certain limitations on the payment of dividends, common stock repurchases, investments, acquisitions, indebtedness, and capital expenditures. We were in compliance with all such covenants as of December 31, 2023.

NOTE 10 - FAIR VALUE MEASUREMENTS

For disclosure purposes, we utilize a fair value hierarchy to categorize qualifying assets and liabilities into three broad levels based on the priority of the inputs used to determine their fair values. The hierarchy, which gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities and the lowest priority to unobservable inputs, is comprised of the following three levels:

Level 1 – Unadjusted quoted prices in active markets for identical assets and liabilities.

Level 2 – Observable inputs, other than Level 1 inputs, that are directly or indirectly observable for the asset or liability, including quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; and model-derived valuations whose inputs are observable or whose significant value drivers are observable.

Level 3 – Significant unobservable inputs that reflect the reporting entity's own assumptions.

Recurring Fair Value Measurements

The following tables summarize the assets and liabilities carried at fair value measured on a recurring basis as of December 31, 2023 and 2022 (in thousands):

Asset Category	Assets at Fair Value as of December 31, 2023			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents ⁽¹⁾	\$ 789,750	\$ —	\$ —	\$ 789,750
Deferred compensation plan assets ⁽²⁾	47,315	—	—	47,315
Total	\$ 837,065	\$ —	\$ —	\$ 837,065

(1) Cash and cash equivalents consist of deposit accounts and money market funds with original maturity dates of three months or less, which are Level 1 assets. At December 31, 2023, we had \$497.3 million in money market funds. From time to time, we have cash balances in certain of our domestic bank accounts that exceed federally insured limits.

(2) Deferred compensation plan assets are classified as "Other assets" in the Consolidated Balance Sheets.

EMCOR Group, Inc. and Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 10 - FAIR VALUE MEASUREMENTS (Continued)

Asset Category	Assets at Fair Value as of December 31, 2022			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents ⁽¹⁾	\$ 456,439	\$ —	\$ —	\$ 456,439
Deferred compensation plan assets ⁽²⁾	36,882	—	—	36,882
Restricted cash ⁽³⁾	629	—	—	629
Total	\$ 493,950	\$ —	\$ —	\$ 493,950

(1) Cash and cash equivalents consist of deposit accounts and money market funds with original maturity dates of three months or less, which are Level 1 assets. At December 31, 2022, we had \$209.4 million in money market funds. From time to time, we have cash balances in certain of our domestic bank accounts that exceed federally insured limits.

(2) Deferred compensation plan assets are classified as "Other assets" in the Consolidated Balance Sheets.

(3) Restricted cash is classified as "Prepaid expenses and other" in the Consolidated Balance Sheets. Restricted cash primarily represents cash held in account for use on customer contracts.

Nonrecurring Fair Value Measurements

We have recorded goodwill and identifiable intangible assets in connection with our business acquisitions. Such assets are measured at fair value at the time of acquisition based on valuation techniques that appropriately represent the methods which would be used by other market participants in determining fair value. In addition, goodwill, intangible assets, and certain other long-lived assets are tested for impairment using similar valuation methodologies to determine the fair value of such assets. Periodically, we engage an independent third-party valuation specialist to assist with the valuation process, including the selection of appropriate methodologies and the development of market-based assumptions. The inputs used for these nonrecurring fair value measurements represent Level 3 inputs.

Fair Value of Financial Instruments

We believe that the carrying values of our financial instruments, which include accounts receivable and other financing commitments, approximate their fair values due primarily to their short-term maturities and low risk of counterparty default. Although there were no outstanding borrowings under our 2023 Credit Agreement as of December 31, 2023, the carrying value of any debt associated with this agreement would approximate its fair value due to the variable rate on such debt.

NOTE 11 - INCOME TAXES

For the years ended December 31, 2023, 2022, and 2021, our income tax provision was calculated based on income before income taxes as follows (in thousands):

	2023	2022	2021
United States	\$ 844,002	\$ 523,273	\$ 497,421
Foreign	28,851	35,477	31,882
	\$ 872,853	\$ 558,750	\$ 529,303

Foreign income for each of the years ended December 31, 2023, 2022, and 2021 was predominantly earned in the United Kingdom.

The income tax provision for the years ended December 31, 2023, 2022, and 2021 consisted of the following (in thousands):

	2023	2022	2021
Current provision:			
Federal	\$ 187,463	\$ 100,707	\$ 95,782
State and local	62,316	36,547	35,883
Foreign	6,396	4,891	4,420
	256,175	142,145	136,085
Deferred (benefit) provision	(16,651)	10,483	9,517
	\$ 239,524	\$ 152,628	\$ 145,602

EMCOR Group, Inc. and Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 11 - INCOME TAXES (Continued)

For the year ended December 31, 2023, our income tax provision was \$ 239.5 million compared to \$ 152.6 million for the year ended December 31, 2022 and \$145.6 million for the year ended December 31, 2021. The increase in the income tax provision year-over-year was primarily due to increased income before income taxes.

The income tax rates on income before income taxes for the years ended December 31, 2023, 2022, and 2021, were 27.5%, 27.3%, and 27.5%, respectively.

Items accounting for the differences between income taxes computed at the federal statutory rate and the income tax provision for the years ended December 31, 2023, 2022, and 2021 were as follows (in thousands):

	2023	2022	2021
Federal income taxes at the statutory rate	\$ 183,230	\$ 117,338	\$ 111,118
State and local income taxes, net of federal tax benefits	46,752	29,519	31,257
Permanent differences	9,513	5,261	5,316
Foreign income taxes (including UK statutory rate changes)	640	(155)	(2,241)
Other	(611)	665	152
	<u>\$ 239,524</u>	<u>\$ 152,628</u>	<u>\$ 145,602</u>

As of December 31, 2023, we had undistributed foreign earnings from certain foreign subsidiaries of approximately \$ 167.3 million. Based on our evaluation, and given that a significant portion of such earnings were subject to tax in prior periods, or are indefinitely reinvested, we have concluded that any taxes associated with the repatriation of such foreign earnings would be immaterial. As of December 31, 2023, the amount of cash held by these foreign subsidiaries was approximately \$135.0 million which, if repatriated, should not result in any material federal or state income taxes.

We file a consolidated federal income tax return including all of our U.S. subsidiaries with the Internal Revenue Service. We additionally file income tax returns with various state, local, and foreign tax agencies. Our income tax returns are subject to audit by various taxing authorities and are currently under examination for the years 2017 through 2021.

On March 11, 2021, the American Rescue Plan Act was signed into law. Such act includes certain tax provisions that could have an impact on the Company in future periods, including expanded limits on compensation deductions under Section 162(m) of the Internal Revenue Code for tax years beginning after December 31, 2026. We are currently evaluating the impact that this act may have on our financial position and/or results of operations; however, we anticipate that the expanded provisions of Section 162(m) will result in an increase in our effective income tax rate for years beginning after December 31, 2026.

On August 16, 2022, the Inflation Reduction Act of 2022 (the "Inflation Reduction Act") was signed into law. For tax years beginning after December 31, 2022, the Inflation Reduction Act creates a 15% corporate alternative minimum tax on profits of corporations whose average annual adjusted financial statement income exceeds \$1.0 billion for any consecutive three-tax-year period preceding the then current tax year. Based on our average annual income for the preceding three years, which was below the aforementioned \$1.0 billion threshold, as well as the fact that our effective federal income tax rate is in excess of the 15% alternative minimum tax rate, this alternative minimum tax did not have an impact on our financial position and/or results of operations for the year ended December 31, 2023.

Legislation has been enacted in the United Kingdom to implement measures in concert with the Base Erosion and Profit Shifting Pillar Two framework for international taxation developed by the member countries of the Organization for Economic Co-operation and Development (the "Pillar Two Model Rules"). The Pillar Two Model Rules are intended to ensure that multinational enterprises pay a minimum 15% effective tax rate in every jurisdiction in which they operate. Given that our effective income tax rate in all jurisdictions in which we operate is in excess of such 15% minimum rate, we do not anticipate that these rules will have a material effect on our tax provision or effective income tax rate; however, we continue to monitor evolving tax legislation in the jurisdictions in which we operate.

EMCOR Group, Inc. and Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 11 - INCOME TAXES (Continued)

Deferred income tax assets and liabilities are recognized for the expected future tax consequences of temporary differences between the financial statement and income tax bases of assets and liabilities. The deferred income tax assets and deferred income tax liabilities recorded as of December 31, 2023 and 2022 were as follows (in thousands):

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Deferred income tax assets:		
Excess of amounts expensed for financial statement purposes over amounts deducted for income tax purposes:		
Insurance liabilities	\$ 59,667	\$ 57,278
Operating lease liabilities	92,410	78,391
Deferred compensation	54,313	40,682
Other (including liabilities and reserves)	40,110	35,584
Total deferred income tax assets	<u>246,500</u>	<u>211,935</u>
Valuation allowance for deferred tax assets	(4,385)	(3,580)
Net deferred income tax assets	<u>242,115</u>	<u>208,355</u>
Deferred income tax liabilities:		
Costs capitalized for financial statement purposes and deducted for income tax purposes:		
Goodwill and identifiable intangible assets	(165,073)	(153,767)
Operating lease right-of-use assets	(85,883)	(73,134)
Depreciation of property, plant, and equipment	(30,075)	(28,435)
Pension asset	(4,660)	(4,082)
Other	(13,063)	(10,500)
Total deferred income tax liabilities	<u>(298,754)</u>	<u>(269,918)</u>
Net deferred income tax liabilities	<u><u>\$ (56,639)</u></u>	<u><u>\$ (61,563)</u></u>

Our net deferred income tax liabilities of \$ 56.6 million and \$ 61.6 million as of December 31, 2023 and 2022, respectively, were included in "Other long-term obligations" in the accompanying Consolidated Balance Sheet.

Valuation allowances are established when necessary to reduce deferred income tax assets when it is more likely than not that a tax benefit will not be realized. As of December 31, 2023 and 2022, the total valuation allowance on deferred income tax assets, related to state and local net operating losses, foreign net operating losses, and foreign income tax credit carryovers, was approximately \$4.4 million and \$3.6 million, respectively. The increase in our valuation allowances at December 31, 2023 was a result of the recognition of additional deferred tax assets related to net operating loss carryovers and foreign income tax credit carryovers that we determined we would likely not be able to utilize.

Realization of our deferred income tax assets is dependent on our generating sufficient taxable income in the jurisdictions in which such deferred tax assets will reverse. Although realization is not assured, based on current projections of future taxable income, we believe it is more likely than not that the deferred income tax assets, net of the valuation allowances discussed above, will be realized. However, revisions to our forecasts or declining macroeconomic conditions could result in changes to our assessment of the realization of these deferred income tax assets.

EMCOR Group, Inc. and Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 12 - COMMON STOCK

As of December 31, 2023 and 2022, there were 47,047,265 and 47,666,725 shares of our common stock outstanding, respectively.

We have paid quarterly dividends since October 25, 2011. We currently pay a regular quarterly dividend of \$ 0.18 per share. Subsequent to December 31, 2023, our Board of Directors announced its intention to increase the regular quarterly dividend to \$0.25 per share commencing with the dividend to be paid in April 2024.

In September 2011, the Board authorized a share repurchase program allowing us to begin repurchasing shares of our outstanding common stock. Subsequently, the Board has from time to time increased the amount authorized for repurchases under such program. Since the inception of the repurchase program, the Board has authorized us to repurchase up to \$2.15 billion of our outstanding common stock. During the year ended December 31, 2023, we repurchased approximately 0.8 million shares of our common stock for approximately \$ 128.7 million. Since the inception of the repurchase program through December 31, 2023, we have repurchased approximately 25.8 million shares of our common stock for approximately \$ 1.89 billion. As of December 31, 2023, there remained authorization for us to repurchase approximately \$261.1 million of our shares. The repurchase program has no expiration date, does not obligate the Company to acquire any particular amount of common stock, and may be suspended, recommended, or discontinued at any time or from time to time without prior notice. We may repurchase our shares from time to time to the extent permitted by securities laws and other legal requirements, including provisions in our 2023 Credit Agreement placing limitations on such repurchases.

The Inflation Reduction Act, which was enacted into law on August 16, 2022, imposes a nondeductible excise tax of 1% on the fair value of net stock repurchases in excess of share issuances made by publicly traded U.S. corporations, effective for repurchases after December 31, 2022. The applicable excise tax for the year ended December 31, 2023 was approximately \$1.0 million and has been included as a component of treasury stock as it represents a direct cost associated with the repurchase of our common stock.

NOTE 13 - SHARE-BASED COMPENSATION PLANS

We have an incentive plan under which stock awards, stock units, and other share-based compensation may be granted to officers, non-employee directors, and key employees of the Company. Under the terms of this plan, 3,250,000 shares were authorized, and 692,720 shares remain available for grant or issuance as of December 31, 2023. Any issuances under this plan are valued at the fair market value of our common stock on the grant date. Forfeitures are recognized as they occur.

The following table summarizes activity regarding restricted stock units since December 31, 2020:

	Shares	Weighted Average Price
Balance, December 31, 2020	397,918	\$ 73.16
Granted	129,859	\$ 96.32
Forfeited	(2,242)	\$ 78.86
Vested	(121,067)	\$ 77.86
Balance, December 31, 2021	404,468	\$ 79.16
Granted	107,621	\$ 123.52
Forfeited	(4,665)	\$ 105.88
Vested	(189,830)	\$ 67.40
Balance, December 31, 2022	317,594	\$ 100.83
Granted	103,024	\$ 156.06
Forfeited	(3,018)	\$ 118.59
Vested	(122,751)	\$ 90.38
Balance, December 31, 2023	<u><u>294,849</u></u>	<u><u>\$ 124.30</u></u>

An aggregate of 34,196 restricted stock units granted to current non-employee directors vested as of December 31, 2023, but, at the election of such directors, issuance has been deferred for up to 10 years from the date of vest. In addition, an aggregate of 6,086 restricted stock units granted to former employees vested as of December 31, 2023 but, in accordance with plan documents, were issued in January 2024.

EMCOR Group, Inc. and Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 13 - SHARE-BASED COMPENSATION PLANS (Continued)

We recognized approximately \$13.7 million, \$12.1 million, and \$11.1 million of compensation expense for stock units awarded to non-employee directors and employees pursuant to our incentive plan for the years ended December 31, 2023, 2022, and 2021, respectively. We have approximately \$11.4 million of compensation expense, net of income taxes, which will be recognized over the remaining vesting periods of up to 3 years.

The income tax benefit derived in 2023, 2022, and 2021 as a result of share-based compensation was approximately \$ 3.3 million, \$3.9 million, and \$2.6 million, respectively, of which approximately \$1.7 million, \$1.7 million, and \$0.8 million, respectively, represented excess tax benefits.

Through December 31, 2023, we sponsored an employee stock purchase plan, which generally allowed our corporate employees and non-union employees of our United States subsidiaries to purchase up to an aggregate of 3,000,000 of our shares. This plan was terminated subsequent to December 31, 2023.

NOTE 14 - RETIREMENT PLANS*Defined Benefit Plans*

The funded status of our defined benefit plans, which represents the difference between the fair value of plan assets and the projected benefit obligations, is recognized in the Consolidated Balance Sheets with a corresponding adjustment to accumulated other comprehensive income (loss). Gains and losses for the differences between actuarial assumptions and actual results are recognized through accumulated other comprehensive income (loss). These amounts will be subsequently recognized as net periodic pension cost (income) within the Consolidated Statement of Operations, as described further below.

United Kingdom Retirement Plan

Our United Kingdom subsidiary has a defined benefit pension plan covering all eligible employees (the "UK Plan"); however, no individual joining the company after October 31, 2001 may participate in the UK Plan. On May 31, 2010, we curtailed the future accrual of benefits for active employees under such plan.

The change in benefit obligations and assets of the UK Plan for the years ended December 31, 2023 and 2022 consisted of the following components (in thousands):

	2023	2022
Change in pension benefit obligation		
Benefit obligation at beginning of year	\$ 193,956	\$ 349,147
Interest cost	9,722	5,693
Actuarial loss (gain)	651	(116,372)
Benefits paid	(10,411)	(11,095)
Foreign currency exchange rate changes	10,179	(33,417)
Benefit obligation at end of year	<u>204,097</u>	<u>193,956</u>
Change in pension plan assets		
Fair value of plan assets at beginning of year	210,284	356,532
Actual return (loss) on plan assets	10,563	(105,544)
Employer contributions	1,564	4,875
Benefits paid	(10,411)	(11,095)
Foreign currency exchange rate changes	11,077	(34,484)
Fair value of plan assets at end of year	<u>223,077</u>	<u>210,284</u>
Funded status at end of year	<u><u>\$ 18,980</u></u>	<u><u>\$ 16,328</u></u>

The funded status of the UK Plan of \$ 19.0 million and \$16.3 million as of December 31, 2023 and 2022, respectively, is included in "Other assets" in the accompanying Consolidated Balance Sheets. No plan assets are expected to be returned to us during the year ending December 31, 2024.

EMCOR Group, Inc. and Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 14 - RETIREMENT PLANS (Continued)

The assumptions used to determine benefit obligations of the UK Plan as of December 31, 2023 and 2022 were as follows:

	2023	2022
Discount rate	4.8 %	5.0 %

The components of net periodic pension cost (income) of the UK Plan for the years ended December 31, 2023, 2022, and 2021 were as follows (in thousands):

	2023	2022	2021
Interest cost	\$ 9,722	\$ 5,693	\$ 5,326
Expected return on plan assets	(11,417)	(12,088)	(12,726)
Amortization of unrecognized loss	2,611	2,073	3,642
Net periodic pension cost (income)	<u>\$ 916</u>	<u>\$ (4,322)</u>	<u>\$ (3,758)</u>

The assumptions used to determine net periodic pension cost of the UK Plan for the years ended December 31, 2023, 2022, and 2021 were as follows:

	2023	2022	2021
Discount rate	5.0 %	1.8 %	1.4 %
Annual rate of return on plan assets	5.7 %	3.9 %	3.9 %

The annual rate of return on plan assets has been determined by modeling possible returns using the actuary's portfolio return calculator and the fair value of plan assets. This approach models the long term expected returns of the various asset classes held in the portfolio and takes into account the additional benefits of holding a diversified portfolio. For measurement purposes of the liability, the annual rate of inflation of covered pension benefits assumed for both 2023 and 2022 was 2.8%.

Amounts pertaining to the UK Plan not yet reflected in net periodic pension cost and included in accumulated other comprehensive loss were as follows (in thousands):

	December 31, 2023	December 31, 2022
Unrecognized actuarial losses	<u>\$ 82,344</u>	<u>\$ 79,313</u>

Actuarial gains and losses are amortized using a corridor approach whereby cumulative gains and losses in excess of the greater of 10% of the pension benefit obligation or the fair value of plan assets are amortized over the average life expectancy of plan participants. The amortization period for 2023 was 23 years.

The reclassification adjustment, net of income taxes, for the UK Plan from accumulated other comprehensive loss into net periodic pension cost was approximately \$2.0 million for the year ended December 31, 2023, approximately \$ 1.6 million for the year ended December 31, 2022, and approximately \$2.9 million for the year ended December 31, 2021. The estimated unrecognized loss for the UK Plan that will be amortized from accumulated other comprehensive loss into net periodic pension cost over the next year is approximately \$2.0 million, net of income taxes.

EMCOR Group, Inc. and Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 14 - RETIREMENT PLANS (Continued)

Plan Assets

The investment policies and strategies for the assets of the UK Plan are established by its trustees (who are independent of the Company) to achieve a reasonable balance between risk, likely return, and administration expense, as well as to maintain investment balances at a level to meet minimum funding requirements. In order to ensure that an appropriate investment strategy is in place, an analysis of the UK Plan's assets and liabilities is completed periodically. Target allocation percentages vary over time depending on the perceived risk and return potential of various asset classes and market conditions. The weighted average asset allocations and weighted average target allocations at December 31, 2023 and 2022 were as follows:

Asset Category	Target Asset Allocation		Target Asset Allocation	
	2023	Actual December 31, 2023	2022	Actual December 31, 2022
Debt	90.0 %	87.1 %	75.0 %	80.7 %
Cash and cash equivalents	— %	3.9 %	15.0 %	9.4 %
Real estate	10.0 %	9.0 %	10.0 %	9.9 %
Total	100.0 %	100.0 %	100.0 %	100.0 %

Plan assets of our UK Plan are invested through third-party fund managers in various investments with underlying holdings which, as of December 31, 2023 and 2022, consisted of: (a) cash and cash equivalents, primarily held as collateral for other financial instruments, (b) debt securities, which include: (i) United Kingdom government debt, (ii) United States, United Kingdom, other European, and emerging market corporate debt, and (iii) real estate debt, and (c) real estate assets, which represent trusts which invest directly or indirectly in various properties throughout the United Kingdom.

The following tables set forth the fair value of assets of the UK Plan as of December 31, 2023 and 2022 (in thousands):

Asset Category	Assets at Fair Value as of December 31, 2023			
	Level 1	Level 2	Level 3	Total
Corporate debt funds	\$ —	\$ 44,504	\$ —	\$ 44,504
Government bond funds	—	63,934	—	63,934
Cash and cash equivalents	8,797	—	—	8,797
Total plan assets in fair value hierarchy	\$ 8,797	\$ 108,438	\$ —	\$ 117,235
Plan assets measured using NAV as a practical expedient: ⁽¹⁾				
Debt funds				85,786
Real estate funds				20,056
Total plan assets at fair value				\$ 223,077
Assets at Fair Value as of December 31, 2022				
Asset Category	Level 1	Level 2	Level 3	Total
Corporate debt funds	\$ —	\$ 23,998	\$ —	\$ 23,998
Government bond funds	—	45,619	—	45,619
Cash and cash equivalents	19,829	—	—	19,829
Total plan assets in fair value hierarchy	\$ 19,829	\$ 69,617	\$ —	\$ 89,446
Plan assets measured using NAV as a practical expedient: ⁽¹⁾				
Debt funds				99,990
Real estate funds				20,848
Total plan assets at fair value				\$ 210,284

(1) Certain investments measured using net asset value ("NAV") as a practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in the table are intended to permit reconciliation of the fair value hierarchy to the total fair value of plan assets. NAV is determined by the respective fund manager based on the fair value of the underlying assets held by the fund, less its liabilities, divided by the number of units outstanding.

EMCOR Group, Inc. and Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 14 - RETIREMENT PLANS (Continued)

Assets of the UK Plan are allocated within the fair value hierarchy discussed in Note 10 - Fair Value Measurements, based on the nature of the investment. Level 1 assets represent cash and cash equivalents. Level 2 assets consist of corporate debt funds and government bond funds whose underlying investments are valued using observable marketplace inputs. The fair value of the Level 2 assets are generally determined under a market approach using valuation models that incorporate observable inputs such as interest rates, bond yields, and quoted prices.

Investments valued using NAV as a practical expedient are excluded from the fair value hierarchy. These investments include: (a) funds which invest predominantly in senior secured debt instruments, targeting diversity across regions and sectors, as well as funds which invest in diversified credit vehicles that seek higher returns than traditional fixed income investments, primarily through U.S. corporate debt, global credit, and other structured debt instruments, and (b) funds which aim to provide long-term income through investment in UK property assets. These investments are redeemable at NAV, which is generally determined on a quarterly basis, and have redemption notice periods of up to 180 days. In addition, certain of these investments are subject to a lockup period of up to 24 months.

The methods described above may produce fair values that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Company believes the valuation methodologies are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Contributions

Our United Kingdom subsidiary expects to contribute approximately \$ 0.6 million to the UK Plan in 2024.

Estimated Future Benefit Payments

The following estimated benefit payments are expected to be made from the UK Plan in the following years (in thousands):

	Pension Benefit Payments
2024	\$ 10,736
2025	\$ 11,185
2026	\$ 11,689
2027	\$ 12,079
2028	\$ 12,598
Succeeding five years	\$ 67,955

Other Retirement Plans

We also sponsor three domestic retirement plans in which participation by new individuals is frozen. The aggregate benefit obligation associated with these plans as of December 31, 2023 and 2022 was approximately \$6.3 million and \$6.7 million, respectively. The estimated fair value of the plan assets as of December 31, 2023 and 2022 was approximately \$5.1 million and \$4.9 million, respectively. The plan assets are predominantly invested in cash, equity securities, and equity and bond funds, which have quoted market prices in active markets, and as such are considered Level 1 assets within the fair value hierarchy. The liability balances as of December 31, 2023 and 2022 are classified as "Other long-term obligations" in the accompanying Consolidated Balance Sheets. The measurement date for these plans is December 31 of each year. The major assumptions used in the actuarial valuations to determine benefit obligations included discount rates of 4.75% and 5.20% as of December 31, 2023, and approximately 4.80% as of December 31, 2022. In addition, key assumptions included an expected rate of return of 7.00% in order to determine net periodic pension cost for both 2023 and 2022. The net periodic pension cost associated with the domestic plans, as well as the reclassification adjustment from accumulated other comprehensive loss to net periodic pension cost, were insignificant for all periods presented.

EMCOR Group, Inc. and Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 14 - RETIREMENT PLANS (Continued)

Defined Contribution Plans

We have defined contribution retirement and savings plans that cover eligible employees in the United States. Contributions to these plans are based on a percentage of the employee's base compensation. The expenses recognized for employer contributions to these plans were approximately \$36.7 million for the year ended December 31, 2023, \$35.0 million for the year ended December 31, 2022, and \$ 33.0 million for the year ended December 31, 2021. At our discretion and subject to applicable plan documents, we may make additional supplemental matching contributions to one of our defined contribution retirement and savings plans. The expenses recognized related to additional supplemental matching contributions for the years ended December 31, 2023, 2022, and 2021 were approximately \$10.2 million, \$9.2 million, and \$7.7 million, respectively.

Our United Kingdom subsidiary also has defined contribution retirement plans. The expenses recognized related to employer matching contributions for the years ended December 31, 2023, 2022, and 2021 were approximately \$7.4 million, \$7.3 million, and \$8.3 million, respectively.

Multiemployer Plans

We participate in approximately 200 multiemployer pension plans ("MEPPs") that provide retirement benefits to certain union employees in accordance with various collective bargaining agreements ("CBAs"). As one of many participating employers in an MEPP, we are potentially liable with the other participating employers for any plan underfunding, either through an increase in our required contributions or, in the case of our withdrawal from the plan, a payment based upon our proportionate share of the plan's unfunded benefits, in each case, as described below. Our contributions to a particular MEPP are established by the applicable CBAs; however, our required contributions may increase based on the funded status of an MEPP and legal requirements of the Pension Protection Act of 2006 (the "PPA"), which requires substantially underfunded MEPPs to implement a funding improvement plan ("FIP") or a rehabilitation plan ("RP") to improve their funded status. Factors that could impact the funded status of an MEPP include, without limitation, investment performance, changes in the participant demographics, decline in the number of contributing employers, changes in actuarial assumptions, and the utilization of extended amortization provisions.

An FIP or RP requires a particular MEPP to adopt measures to correct its underfunding status. These measures may include, but are not limited to: (a) an increase in our contribution rate as a signatory to the applicable CBA, (b) a reallocation of the contributions already being made by participating employers for various benefits to individuals participating in the MEPP, and/or (c) a reduction in the benefits to be paid to future and/or current retirees. In addition, the PPA requires that a 5% surcharge be levied on employer contributions for the first year commencing after the date the employer receives notice that the MEPP is in critical status and a 10% surcharge on each succeeding year until a CBA is in place with terms and conditions consistent with the RP.

We could also be obligated to make payments to MEPPs if we either cease to have an obligation to contribute to the MEPP or significantly reduce our contributions to the MEPP because we reduce our number of employees who are covered by the relevant MEPP for various reasons, including, but not limited to, layoffs or closure of a subsidiary assuming the MEPP has unfunded vested benefits. The amount of such payments (known as a complete or partial withdrawal liability) would equal our proportionate share of the MEPPs' unfunded vested benefits. We believe that certain of the MEPPs in which we participate may have unfunded vested benefits. Due to uncertainty regarding future factors that could trigger withdrawal liability, as well as the absence of specific information regarding the MEPP's current financial situation, we are unable to determine: (a) the amount and timing of a future withdrawal liability, if any, and (b) whether our participation in these MEPPs could have a material adverse impact on our financial position, results of operations, or liquidity. We did not record any material withdrawal liabilities for the years ended December 31, 2023, 2022, and 2021.

EMCOR Group, Inc. and Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 14 - RETIREMENT PLANS (Continued)

The following table lists all MEPPs to which our contributions exceeded \$ 2.0 million in 2023. This table also lists all MEPPs to which we contributed in 2023 in excess of \$0.5 million for MEPPs in the critical status, "red zone," and \$ 1.0 million for MEPPs in the endangered status, "orange or yellow zones," as defined by the PPA (in thousands):

Pension Fund	PPA Zone Status ⁽¹⁾				Contributions			Contributions greater than 5% of total plan contributions ⁽²⁾	Expiration date or range of expiration dates of CBA(s)		
	EIN/Pension Plan		2023	2022	FIP/RP Status	Contributions					
	Number	2023	2022	2021		2023	2022				
National Automatic Sprinkler Industry Pension Fund	52-6054620	001	Green	Green	NA	\$ 25,559	\$ 21,583	\$ 20,987	Yes	March 2024 to July 2027	
National Electrical Benefit Fund	53-0181657	001	Green	Green	NA	18,128	15,192	12,310	Yes	February 2024 to November 2027	
United Association National Pension Fund	52-6152779	001	Green	Green	NA	16,815	15,288	14,723	No	January 2024 to May 2029	
Sheet Metal Workers National Pension Fund	52-6112463	001	Green	Green	NA	10,797	9,505	10,307	No	April 2024 to July 2028	
Central Pension Fund of the IUEOE & Participating Employers	36-6052390	001	Green	Green	NA	8,573	7,651	6,627	No	January 2024 to December 2026	
Electrical Workers Local No. 26 Pension Trust Fund	52-6117919	001	Green	Green	NA	8,283	7,844	9,346	Yes	May 2024 to September 2027	
Pension, Hospitalization & Benefit Plan of the Electrical Industry-Pension Trust Account	13-6123601	001	Green	Green	NA	7,198	8,122	7,355	No	January 2025 to April 2025	
Plumbers Pipefitters & Mechanical Equipment Service Local Union 392 Pension Plan	31-0655223	001	Red	Red	Implemented	7,010	7,674	7,110	Yes	May 2024 to May 2025	
Electrical Workers Pension Plan Local 103 IBEW	04-6063734	001	Green	Green	NA	6,537	2,900	—	Yes	August 2028	
Northern California Pipe Trades Pension Plan	94-3190386	001	Green	Green	NA	6,317	3,238	2,663	No	June 2024 to July 2024	
Edison Pension Plan	93-6061681	001	Green	Green	NA	5,840	5,325	4,229	Yes	December 2024	
Sheet Metal Workers Pension Plan of Northern California	51-6115939	001	Red	Red	Implemented	5,738	6,074	7,850	Yes	June 2024 to June 2026	
San Diego Electrical Pension Plan	95-6101801	001	Green	Green	NA	5,511	4,258	4,068	Yes	May 2024	
Heating, Piping & Refrigeration Pension Fund	52-1058013	001	Green	Green	NA	5,315	4,625	5,591	Yes	July 2024 to July 2025	
Pipefitters Union Local 537 Pension Fund	51-6030859	001	Green	Green	NA	5,179	5,039	5,922	Yes	August 2025	
Southern California Pipe Trades Retirement Fund	51-6108443	001	Green	Green	NA	4,657	4,650	6,272	Yes	August 2024 to August 2026	
Electrical Contractors Association of the City of Chicago Local Union 134, IBEW Joint Pension Trust of Chicago Pension Plan 2	51-6030753	002	Green	Green	NA	4,432	3,516	4,225	No	June 2024 to December 2024	
IBEW Local 701 Pension Fund	36-6455509	001	Green	Green	NA	3,989	2,625	1,276	No	May 2024 to September 2024	
Eighth District Electrical Pension Fund	84-6100393	001	Green	Green	NA	3,844	3,339	3,298	Yes	February 2024 to February 2027	
Southern California IBEW-NECA Pension Trust Fund	95-6392774	001	Yellow	Yellow	Implemented	3,801	4,287	4,876	No	May 2024 to November 2026	
IBEW Local No. 82 Pension Plan	31-6127268	001	Green	Green	NA	3,701	2,549	956	Yes	December 2026	
Sheet Metal Workers Pension Plan of Southern California, Arizona & Nevada	95-6052257	001	Green	Green	NA	3,399	2,921	3,322	No	June 2024 to July 2028	
Kern County Electrical Workers Pension Fund	95-6123049	001	Green	Green	NA	3,299	1,542	1,167	Yes	November 2027	

EMCOR Group, Inc. and Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 14 - RETIREMENT PLANS (Continued)

Pension Fund	PPA Zone Status ⁽¹⁾				Contributions			Contributions greater than 5% of total plan contributions ⁽²⁾	Expiration date or range of expiration dates of CBA(s)	
	EIN/Pension Plan		2023	2022	FIP/RP Status	2023	2022	2021		
	Number	2023								
U.A. Local 393 Pension Trust Fund										
Defined Benefit	94-6359772	002	Green	Green	NA	3,263	3,517	3,507	Yes	
Arizona Pipe Trades Pension Trust Fund	86-6025734	001	Green	Green	NA	3,048	2,940	2,020	Yes	
Joint Pension Fund of Local Union No. 102	22-1615726	001	Green	Green	NA	2,868	1,762	1,531	Yes	
Plumbers & Steamfitters Local 486 Pension Fund	52-6124449	001	Green	Green	NA	2,828	1,599	1,351	Yes	
Plumbers & Pipefitters Local No. 189 Pension Fund	31-0894807	001	Green	Green	NA	2,557	1,272	596	Yes	
Local No. 697 IBEW and Electrical Industry Pension Fund	51-6133048	001	Green	Green	NA	2,528	2,287	1,753	Yes	
U.A. Plumbers Local 24 Pension Fund	22-6042823	001	Green	Green	NA	2,295	1,819	2,270	Yes	
NECA-IBEW Pension Trust Fund	51-6029903	001	Green	Green	NA	2,228	3,034	2,491	No	
IBEW 332 Pension Fund - Part A	94-2688032	004	Green	Green	NA	2,062	4,177	2,339	Yes	
Plumbers & Pipefitters Local 162 Pension Fund	31-6125999	001	Yellow	Yellow	Implemented	1,243	1,132	1,034	Yes	
Steamfitters Local Union No. 420 Pension Plan	23-2004424	001	Red	Red	Implemented	1,227	1,018	677	No	
Boilermaker-Blacksmith National Pension Trust	48-6168020	001	Red	Green	Implemented	1,140	6,434	3,479	Yes	
Plumbing & Pipe Fitting Local 219 Pension Fund	34-6682376	001	Red	Red	Implemented	919	1,172	1,167	Yes	
Carpenters Pension Trust Fund for Northern California	94-6050970	001	Red	Red	Implemented	610	532	568	No	
Other Multiemployer Pension Plans						56,091	53,723	51,818	Various	
Total Contributions						\$ 258,829	\$ 236,165	\$ 221,081		

(1) The zone status represents the most recent available information for the respective MEPP, which may be from 2022 or earlier for the 2023 year and from 2021 or earlier for the 2022 year. In general, plans with a "green" zone status have a funding ratio of at least 80%, plans with an "orange" or "yellow" zone status have a funding ratio of between 65% and less than 80%, and plans with a "red" zone status are less than 65% funded or are projected to have a funding deficiency in any of the next ten years.

(2) This information was obtained from the respective plan's Form 5500 ("Forms") for the most current available filing. These dates may not correspond with our fiscal year contributions. The percentages of contributions are based upon disclosures contained in the plans' Forms. Those Forms, among other things, disclose the names of individual participating employers whose annual contributions account for more than 5% of the aggregate annual amount contributed by all participating employers for a plan year. Accordingly, if the annual contribution of two or more of our subsidiaries each accounted for less than 5% of such contributions, but in the aggregate accounted for in excess of 5% of such contributions, that greater percentage is not available and therefore is not disclosed.

The nature and diversity of our operations may result in volatility in the amount of our contributions to a particular MEPP for any given period. That is because, in any given market, a change in the mix, volume of, or size of our projects could result in a change in our direct labor force and a corresponding change in our contributions to the MEPP(s) dictated by the applicable CBA. Additionally, the amount of contributions to a particular MEPP could also be affected by the terms of the CBA, which could require at a particular time, an increase in the contribution rate and/or surcharges. Acquisitions made by us since 2021 have resulted in incremental contributions to various MEPPs of approximately \$8.0 million.

Additionally, we contribute to certain multiemployer plans that provide post retirement benefits such as health and welfare benefits and/or defined contribution/annuity plans, among others. Our contributions to these plans were approximately \$243.5 million, \$213.7 million, and \$178.4 million for the years ended December 31, 2023, 2022, and 2021, respectively. Acquisitions made by us since 2021 have resulted in incremental contributions to such other post retirement benefit plans of approximately \$14.4 million. The amount of contributions to these plans is also subject, for the most part, to the factors discussed above in conjunction with the MEPPs.

EMCOR Group, Inc. and Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 15 - COMMITMENTS AND CONTINGENCIES

Severance Agreements

We have agreements with our executive officers and certain other key management personnel providing for severance benefits for such employees upon termination of their employment under certain circumstances.

Guarantees

In the ordinary course of business, we, at times, guarantee obligations of our subsidiaries under certain contracts. Generally, we are liable under such an arrangement only if our subsidiary fails to perform its obligations under the contract. Historically, we have not incurred any substantial liabilities as a consequence of these guarantees.

Surety Bonds

The terms of our construction contracts frequently require that we obtain from surety companies, and provide to our customers, surety bonds as a condition to the award of such contracts. These surety bonds are issued in return for premiums, which vary depending on the size and type of the bond, and secure our payment and performance obligations under such contracts. We have agreed to indemnify the surety companies for amounts, if any, paid by them in respect of surety bonds issued on our behalf. As of December 31, 2023, based on the percentage-of-completion of our projects covered by surety bonds, our aggregate estimated exposure, assuming defaults on all our then existing contractual obligations, was approximately \$2.2 billion, which represents approximately 25% of our total remaining performance obligations. Surety bonds are sometimes provided to secure obligations for wages and benefits payable to or for certain of our employees, at the request of labor unions representing such employees. In addition, surety bonds may be issued as collateral for certain insurance obligations. As of December 31, 2023, we satisfied approximately \$48.1 million of the collateral requirements of our insurance programs by utilizing surety bonds. We are not aware of any losses in connection with surety bonds that have been posted on our behalf, and we do not expect to incur significant losses in the foreseeable future.

Hazardous Materials

We are subject to regulation with respect to the handling or disposal of certain materials used in the performance of our services, which are classified as hazardous or toxic by federal, state, and local agencies. Our practice is to avoid participation in projects principally involving the remediation or removal of such materials. However, when remediation is required as part of our contract performance, we believe we comply with all applicable regulations governing the discharge of hazardous materials into the environment or otherwise relating to the protection of the environment.

Collective Bargaining Agreements

At December 31, 2023, we employed approximately 38,300 people, approximately 60% of whom are represented by various unions pursuant to nearly 450 collective bargaining agreements between our individual subsidiaries or trade associations and local unions, as well as two collective bargaining agreements that are national or regional in scope. We believe that our relations with our labor unions are generally positive.

Government Contracts

When we perform work as a federal government contractor/subcontractor or when we perform work on a project that has received federal government funding, we are subject to U.S. government audits and investigations relating to our operations, which such audits may result in fines, penalties and compensatory and treble damages, and possible suspension or debarment from doing business with the government. Based on currently available information, we believe the outcome of ongoing government disputes and investigations will not have a material impact on our financial position, results of operations, or liquidity.

Legal Proceedings

We are involved in several legal proceedings in which damages and claims have been asserted against us. We believe that we have a number of valid defenses to such proceedings and claims and intend to vigorously defend ourselves. We do not believe that any such matters will have a material adverse effect on our financial position, results of operations, or liquidity. We record a loss contingency if the potential loss from a proceeding or claim is considered probable and the amount can be reasonably estimated or a range of loss can be determined. We provide disclosure when it is reasonably possible that a loss will be incurred in excess of any recorded provision. Significant judgment is required in these determinations. As additional information becomes available, we reassess prior determinations and may change our estimates. Additional claims may be asserted against us in the future. Litigation is subject to many uncertainties, and the outcome of litigation is not predictable with assurance. It is possible that a litigation matter for which liabilities have not been recorded could be decided unfavorably to us, and that any such unfavorable decision could have a material adverse effect on our financial position, results of operations, or liquidity.

EMCOR Group, Inc. and Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 16 - LEASES

We lease real estate, vehicles, and equipment under various arrangements which are classified as either operating or finance leases. A lease exists when a contract or part of a contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. In determining whether a lease exists, we consider whether a contract provides us with both: (a) the right to obtain substantially all of the economic benefits from the use of the identified asset and (b) the right to direct the use of the identified asset.

Many of our leases include base rental periods coupled with options to renew or terminate the lease, generally at our discretion. Certain leases additionally include options to purchase the leased asset. In evaluating the lease term, we consider whether we are reasonably certain to exercise such options. To the extent a significant economic incentive exists to exercise an option, that option is included within the lease term. However, based on the nature of our lease arrangements, options generally do not provide us with a significant economic incentive and are therefore excluded from the lease term for the majority of our arrangements.

Our leases typically include a combination of fixed and variable payments. Fixed payments are generally included when measuring the right-of-use asset and lease liability. Variable payments, which primarily represent payments based on usage of the underlying asset, are generally excluded from such measurement and expensed as incurred. In addition, certain of our lease arrangements may contain a lease coupled with an arrangement to provide other services, such as maintenance, or may require us to make other payments on behalf of the lessor related to the leased asset, such as payments for taxes or insurance. We account for these non-lease components together with the associated lease component for each of our asset classes.

The measurement of right-of-use assets and lease liabilities requires us to estimate appropriate discount rates. To the extent the rate implicit in the lease is readily determinable, such rate is utilized. However, based on information available at lease commencement for the majority of our leases, the rate implicit in the lease is not known. In these instances, we utilize an incremental borrowing rate, which represents the rate of interest that we would pay to borrow on a collateralized basis, over a similar term, an amount equal to the lease payments.

Our lease arrangements generally do not contain significant restrictions or covenants; however, certain of our vehicle and equipment leases include residual value guarantees, whereby we provide a guarantee to the lessor that the value of the underlying asset will be at least a specified amount at the end of the lease. Amounts probable of being owed under these guarantees are included within the measurement of the right-of-use asset and lease liability.

Lease Position

The following table presents our lease-related assets and liabilities as of December 31, 2023 and 2022 (in thousands):

	Classification on the Consolidated Balance Sheet	December 31, 2023	December 31, 2022
Assets			
Operating lease assets	Operating lease right-of-use assets	\$ 310,498	\$ 268,063
Finance lease assets	Property, plant, and equipment, net	4,932	6,117
Total lease assets		<u><u>\$ 315,430</u></u>	<u><u>\$ 274,180</u></u>
Liabilities			
Current			
Operating	Operating lease liabilities, current	\$ 75,236	\$ 67,218
Finance	Current maturities of long-term debt and finance lease liabilities	2,465	2,652
Noncurrent			
Operating	Operating lease liabilities, long-term	259,430	220,764
Finance	Long-term debt and finance lease liabilities	2,838	3,807
Total lease liabilities		<u><u>\$ 339,969</u></u>	<u><u>\$ 294,441</u></u>

EMCOR Group, Inc. and Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 16 - LEASES (Continued)*Lease Costs*

The following table presents information related to our lease expense for the years ended December 31, 2023, 2022, and 2021 (in thousands):

	2023	2022	2021
Finance lease expense:			
Amortization expense	\$ 2,816	\$ 3,550	\$ 4,255
Interest expense	175	178	255
Operating lease expense	93,158	77,143	70,928
Short-term lease expense ⁽¹⁾	224,047	185,061	150,500
Variable lease expense	9,482	6,782	5,421
Total lease expense	\$ 329,678	\$ 272,714	\$ 231,359

(1) Short-term lease expense includes both leases and rentals with initial terms of one year or less and predominantly represents equipment used on construction projects.

Sublease rental income was approximately \$6.7 million, \$3.8 million, and \$0.2 million for the years ended December 31, 2023, 2022, and 2021, respectively.

Lease Term and Discount Rate

The following table presents certain information related to the lease terms and discount rates for our leases as of December 31, 2023 and 2022:

	December 31, 2023	December 31, 2022
Weighted-average remaining lease term:		
Operating leases	5.7 years	5.9 years
Finance leases	2.9 years	2.9 years
Weighted-average discount rate:		
Operating leases	4.11 %	3.45 %
Finance leases	3.57 %	2.85 %

Other Information

The following table presents supplemental cash flow information related to our leases for the years ended December 31, 2023, 2022, and 2021 (in thousands):

	2023	2022	2021
Cash paid for amounts included in the measurement of lease liabilities:			
Operating cash flows used for operating leases	\$ 90,412	\$ 74,927	\$ 69,797
Operating cash flows used for finance leases	\$ 175	\$ 178	\$ 255
Financing cash flows used for finance leases	\$ 2,776	\$ 3,551	\$ 4,189
Right-of-use assets obtained in exchange for new operating lease liabilities	\$ 125,417	\$ 75,027	\$ 80,661
Right-of-use assets obtained in exchange for new finance lease liabilities	\$ 1,427	\$ 2,209	\$ 2,301

EMCOR Group, Inc. and Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 16 - LEASES (Continued)*Maturity of Lease Liabilities*

The following table reconciles our future minimum lease payments on an undiscounted cash flow basis to our lease liabilities reported in the Consolidated Balance Sheet as of December 31, 2023 (in thousands):

	Operating Leases	Finance Leases
2024	\$ 87,058	\$ 2,605
2025	69,127	1,533
2026	60,558	782
2027	47,961	389
2028	36,858	222
Thereafter	74,510	64
Total minimum lease payments	376,072	5,595
Less: Amount of lease payments representing interest	(41,406)	(292)
Present value of future minimum lease payments	\$ 334,666	\$ 5,303
Current portion of lease liabilities	\$ 75,236	\$ 2,465
Noncurrent portion of lease liabilities	259,430	2,838
Present value of future minimum lease payments	\$ 334,666	\$ 5,303

NOTE 17 - ADDITIONAL CASH FLOW INFORMATION

The following table presents information about cash paid for interest and income taxes for the years ended December 31, 2023, 2022, and 2021 (in thousands):

	2023	2022	2021
Cash paid during the year for:			
Interest	\$ 16,246	\$ 11,653	\$ 5,259
Income taxes	\$ 230,496	\$ 168,732	\$ 130,811

NOTE 18 - SEGMENT INFORMATION

We are one of the largest specialty contractors in the United States and a leading provider of electrical and mechanical construction and facilities services, building services, and industrial services. Our services are provided to a broad range of commercial, technology, manufacturing, industrial, healthcare, utility, and institutional customers through approximately 100 operating subsidiaries. Such operating subsidiaries are organized into the following reportable segments:

- United States electrical construction and facilities services;
- United States mechanical construction and facilities services;
- United States building services;
- United States industrial services; and
- United Kingdom building services.

Our reportable segments and related disclosures reflect certain reclassifications of prior year amounts from our United States mechanical construction and facilities services segment to our United States building services segment due to changes in our internal reporting structure aimed at realigning our service offerings.

EMCOR Group, Inc. and Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 18 - SEGMENT INFORMATION (Continued)

The following tables present financial information for each of our reportable segments for the years ended December 31, 2023, 2022, and 2021 (in thousands):

	2023	2022	2021
Revenues from unrelated entities:			
United States electrical construction and facilities services	\$ 2,783,723	\$ 2,433,114	\$ 2,029,893
United States mechanical construction and facilities services	5,074,803	4,292,208	3,922,200
United States building services	3,120,134	2,754,953	2,455,129
United States industrial services	1,167,790	1,118,767	986,407
Total United States operations	<u>12,146,450</u>	<u>10,599,042</u>	<u>9,393,629</u>
United Kingdom building services	436,423	477,078	509,951
Total operations	<u>\$ 12,582,873</u>	<u>\$ 11,076,120</u>	<u>\$ 9,903,580</u>
	2023	2022	2021
Total revenues:			
United States electrical construction and facilities services	\$ 2,786,895	\$ 2,438,916	\$ 2,033,863
United States mechanical construction and facilities services	5,134,686	4,338,584	3,935,737
United States building services	3,228,056	2,856,115	2,553,566
United States industrial services	1,179,321	1,175,469	1,021,217
Less intersegment revenues	(182,508)	(210,042)	(150,754)
Total United States operations	<u>12,146,450</u>	<u>10,599,042</u>	<u>9,393,629</u>
United Kingdom building services	436,423	477,078	509,951
Total operations	<u>\$ 12,582,873</u>	<u>\$ 11,076,120</u>	<u>\$ 9,903,580</u>
	2023	2022	2021
Operating income (loss):			
United States electrical construction and facilities services	\$ 230,640	\$ 148,728	\$ 169,355
United States mechanical construction and facilities services	530,644	330,325	312,809
United States building services	182,995	146,639	124,335
United States industrial services	35,375	19,787	(1,666)
Total United States operations	<u>979,654</u>	<u>645,479</u>	<u>604,833</u>
United Kingdom building services	25,681	29,838	27,998
Corporate administration	(127,229)	(110,440)	(102,031)
Impairment loss on long-lived assets	(2,350)	—	—
Total operations	<u>875,756</u>	<u>564,877</u>	<u>530,800</u>
Other items:			
Net periodic pension (cost) income	(1,119)	4,311	3,625
Interest expense	(17,199)	(13,199)	(6,071)
Interest income	15,415	2,761	949
Income before income taxes	<u>\$ 872,853</u>	<u>\$ 558,750</u>	<u>\$ 529,303</u>

EMCOR Group, Inc. and Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 18 - SEGMENT INFORMATION (Continued)

	2023	2022	2021
Capital expenditures:			
United States electrical construction and facilities services	\$ 6,929	\$ 11,228	\$ 4,985
United States mechanical construction and facilities services	37,543	11,930	10,108
United States building services	19,843	13,303	11,539
United States industrial services	10,433	9,905	6,159
Total United States operations	74,748	46,366	32,791
United Kingdom building services	1,984	2,816	3,015
Corporate administration	1,672	107	386
Total operations	<u><u>\$ 78,404</u></u>	<u><u>\$ 49,289</u></u>	<u><u>\$ 36,192</u></u>
	2023	2022	2021
Depreciation and amortization of property, plant, and equipment:			
United States electrical construction and facilities services	\$ 8,402	\$ 7,543	\$ 7,229
United States mechanical construction and facilities services	12,503	11,492	11,354
United States building services	15,672	12,964	12,090
United States industrial services	11,146	10,888	11,723
Total United States operations	47,723	42,887	42,396
United Kingdom building services	3,116	2,752	3,938
Corporate administration	983	1,657	2,013
Total operations	<u><u>\$ 51,822</u></u>	<u><u>\$ 47,296</u></u>	<u><u>\$ 48,347</u></u>
	December 31, 2023	December 31, 2022	December 31, 2021
Contract assets:			
United States electrical construction and facilities services	\$ 73,464	\$ 75,603	\$ 48,382
United States mechanical construction and facilities services	97,252	99,632	89,102
United States building services	61,867	56,694	42,818
United States industrial services	17,129	10,727	18,992
Total United States operations	249,712	242,656	199,294
United Kingdom building services	20,173	30,520	30,849
Total operations	<u><u>\$ 269,885</u></u>	<u><u>\$ 273,176</u></u>	<u><u>\$ 230,143</u></u>
	December 31, 2023	December 31, 2022	December 31, 2021
Contract liabilities:			
United States electrical construction and facilities services	\$ 399,550	\$ 271,161	\$ 200,966
United States mechanical construction and facilities services	925,481	594,453	386,518
United States building services	223,202	184,821	150,333
United States industrial services	17,366	17,746	16,481
Total United States operations	1,565,599	1,068,181	754,298
United Kingdom building services	29,510	30,082	33,836
Total operations	<u><u>\$ 1,595,109</u></u>	<u><u>\$ 1,098,263</u></u>	<u><u>\$ 788,134</u></u>

EMCOR Group, Inc. and Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 18 - SEGMENT INFORMATION (Continued)

	December 31, 2023	December 31, 2022	December 31, 2021
Long-lived assets:			
United States electrical construction and facilities services	\$ 290,896	\$ 302,448	\$ 237,766
United States mechanical construction and facilities services	526,567	517,649	514,065
United States building services	574,917	497,892	500,368
United States industrial services	318,077	341,646	365,563
Total United States operations	1,710,457	1,659,635	1,617,762
United Kingdom building services	9,761	10,320	11,402
Corporate administration	1,741	990	2,535
Total operations	<u>\$ 1,721,959</u>	<u>\$ 1,670,945</u>	<u>\$ 1,631,699</u>
Total assets:			
United States electrical construction and facilities services	\$ 1,243,707	\$ 1,078,405	\$ 855,417
United States mechanical construction and facilities services	2,242,833	1,835,001	1,664,822
United States building services	1,382,664	1,206,518	1,097,568
United States industrial services	571,658	552,545	589,017
Total United States operations	5,440,862	4,672,469	4,206,824
United Kingdom building services	277,066	255,547	241,740
Corporate administration	891,793	596,591	992,882
Total operations	<u>\$ 6,609,721</u>	<u>\$ 5,524,607</u>	<u>\$ 5,441,446</u>

NOTE 19 - SUBSEQUENT EVENTS

Subsequent to December 31, 2023, we entered into definitive agreements to acquire three companies for upfront consideration of approximately \$137.0 million. These transactions are expected to close in the second quarter of 2024, subject to customary closing conditions. These acquisitions are comprised of: (a) two companies that will be included within our United States mechanical construction and facilities services segment including: (i) a leading plumbing services provider in the Southeast region of the United States and (ii) a full service provider of mechanical construction and maintenance services in Central Texas, and (b) a company which provides building automation and controls solutions in the Northeast region of the United States, that will be included in our United States building services segment.

Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors of EMCOR Group, Inc. and subsidiaries:

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of EMCOR Group, Inc. and subsidiaries (the Company) as of December 31, 2023 and 2022, the related consolidated statements of operations, comprehensive income, equity, and cash flows for each of the three years in the period ended December 31, 2023, and the related notes and financial statement schedule listed in the Index at Item 15(a)(2) (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2023 and 2022, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2023, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2023, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated February 28, 2024 expressed an unqualified opinion thereon.

Basis for Opinion

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

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

Critical Audit Matters

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

Revenue Recognition from Construction Contracts

Description of the Matter

As described in Note 3 to the consolidated financial statements, the Company generally recognizes revenue from construction contracts over time using a cost-to-cost input method in which the extent of progress is measured based on the ratio of costs incurred to date to the total estimated costs at completion. In addition, the revenue recognition process requires the Company to determine the transaction price that represents the amount of consideration to which the Company expects to be entitled. A significant portion of the Company's revenues for the year ended December 31, 2023 were derived from construction contracts.

The determination of revenue recognized from construction contracts commonly requires the Company to estimate variable consideration that arises from pending change orders, contract claims, contract bonuses, and penalties, as well as to prepare estimates of the costs to complete contracts. Factors inherent in the estimation processes include, among others, historical experience with customers, the potential long-term nature of dispute resolutions, actions of third parties as well as the Company's experience with similar types of contracts. Due to uncertainties attributed to such factors, auditing revenue recognized from construction contracts involved especially challenging, subjective, and complex judgments.

How We Addressed the Matter in Our Audit

We obtained an understanding, evaluated the design, and tested the operating effectiveness of the Company's controls related to revenue recognition from construction contracts. For example, we tested controls over the Company's determination and review of estimates of variable consideration, costs to complete, and the completeness and accuracy of data utilized in conjunction with such estimation processes.

To test the amount of revenue recognized from construction contracts in the current period, we selected a sample of contracts and performed procedures to test the project revenue and cost forecasts. For example, we obtained and inspected the related contract agreements, amendments, and change orders to test the existence of customer arrangements and understand the scope and pricing of the related projects; performed inquiries of management and project personnel regarding facts and circumstances relevant to the accounting for such contracts; tested key components of the estimated costs to complete, including materials, labor, and subcontractors costs; agreed actual costs incurred to supporting documentation; and recalculated revenues recognized based on the project's percentage of completion and management's estimate of transaction price. In addition, we performed certain retrospective review procedures to assess management's historical ability to accurately estimate the transaction price and costs to complete contracts as well as to identify any significant or unusual changes in project revenue and cost forecasts during the period.

Valuation of Goodwill

Description of the Matter

At December 31, 2023, the Company's goodwill was approximately \$956.5 million. As discussed in Note 8 to the consolidated financial statements, goodwill is tested for impairment at least annually.

Auditing management's annual impairment tests was especially complex and subjective due to the significant estimation required in determining the fair value of the reporting units for goodwill. In particular, the fair value estimates for goodwill were sensitive to significant assumptions inherent in the Company's discounted estimated future cash flows such as the weighted average cost of capital, revenue growth rates, and operating margins. The fair value estimates for goodwill are affected by expectations about future market or economic conditions relevant to each of the markets in which the Company operates.

How We Addressed the Matter in Our Audit

We obtained an understanding, evaluated the design, and tested the operating effectiveness of controls over the Company's impairment review processes for goodwill. For example, we tested management's review controls over the valuation models and significant assumptions described above, including those developed by the Company's third-party valuation specialists.

To test the estimated fair value of the Company's reporting units, with the support of a valuation specialist, we performed audit procedures that included, among others, assessing methodologies and testing the significant assumptions and completeness and accuracy of the underlying data used by the Company in its analyses. For example, we compared the significant assumptions used by management to the historical financial results of the Company's reporting units and to current industry and economic trends. We assessed the historical accuracy of management's estimates by comparing past projections to actual performance and performed sensitivity analyses of significant assumptions to evaluate the changes in fair value that would result from changes in the assumptions. In addition, we reviewed the reconciliation of the aggregate fair value of the Company's reporting units to the market capitalization of the Company.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2002.

Stamford, Connecticut

February 28, 2024

Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors of EMCOR Group, Inc. and subsidiaries:

Opinion on Internal Control Over Financial Reporting

We have audited EMCOR Group, Inc. and subsidiaries' internal control over financial reporting as of December 31, 2023, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 Framework) (the COSO criteria). In our opinion, EMCOR Group, Inc. and subsidiaries (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2023, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the 2023 consolidated financial statements of the Company and our report dated February 28, 2024 expressed an unqualified opinion thereon.

Basis For Opinion

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

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

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

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

/s/ Ernst & Young LLP

Stamford, Connecticut

February 28, 2024

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

Not applicable.

ITEM 9A. CONTROLS AND PROCEDURES

Based on an evaluation of our disclosure controls and procedures (as required by Rules 13a-15(b) of the Securities Exchange Act of 1934), our Chairman, President, and Chief Executive Officer, Anthony J. Guzzi, and our Executive Vice President and Chief Financial Officer, Mark A. Pompa, have concluded that our disclosure controls and procedures (as defined in Rule 13a-15(e) of the Securities Exchange Act of 1934) are effective as of the end of the period covered by this report.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934). Our internal control over financial reporting is a process designed with the participation of our principal executive officer and principal financial officer or persons performing similar functions to provide reasonable assurance regarding the reliability of financial reporting and the preparation of our financial statements for external reporting purposes in accordance with U.S. generally accepted accounting principles.

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

Because of its inherent limitations, our disclosure controls and procedures may not prevent or detect misstatements. A control system, no matter how well conceived and operated, can only provide reasonable, not absolute, assurance that the objectives of the control system are met. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

As of December 31, 2023, our management conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework established in *Internal Control-Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, management has determined that EMCOR's internal control over financial reporting was effective as of December 31, 2023.

The effectiveness of our internal control over financial reporting as of December 31, 2023 has been audited by Ernst & Young LLP, an independent registered public accounting firm, as stated in its report appearing in Item 8 of this Form 10-K, which such report expressed an unqualified opinion on the effectiveness of our internal control over financial reporting as of December 31, 2023.

Changes in Internal Control over Financial Reporting

In addition, our management with the participation of our principal executive officer and principal financial officer or persons performing similar functions has determined that no change in our internal control over financial reporting (as that term is defined in Rules 13(a)-15(f) and 15(d)-15(f) of the Securities Exchange Act of 1934) occurred during the fourth quarter of our fiscal year ended December 31, 2023 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

During the quarter ended December 31, 2023, none of the Company's directors or executive officers adopted or terminated any: (a) contract, instruction, or written plan for the purchase or sale of Company securities intended to satisfy the affirmative defense conditions of Rule 10b5-1 or (b) non 10b5-1 trading arrangement, each as defined in Item 408(a) of Regulation S-K.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

PART III**ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE**

The information required by this Item 10 with respect to directors is incorporated herein by reference to the section of our definitive Proxy Statement for the 2024 Annual Meeting of Stockholders entitled "Election of Directors," which Proxy Statement is to be filed with the Securities and Exchange Commission pursuant to Regulation 14A not later than 120 days after the end of the fiscal year to which this Form 10-K relates (the "Proxy Statement"). The information, if any, required by this Item 10 concerning compliance with Section 16(a) of the Securities Exchange Act of 1934 is incorporated herein by reference to the section of the Proxy Statement entitled "Delinquent Section 16(a) Reports." The information required by this Item 10 concerning the Audit Committee of our Board of Directors and Audit Committee financial experts is incorporated by reference to the section of the Proxy Statement entitled "Meetings and Committees of the Board of Directors" and "Corporate Governance." The information required by this Item 10 regarding stockholder recommendations for director candidates is incorporated by reference to the section of the Proxy Statement entitled "Recommendations for Director Candidates." Information regarding our executive officers is contained in Part I of this Form 10-K following Item 4 under the heading "Executive Officers of the Registrant." We have adopted a Code of Ethics that applies to our Chief Executive Officer and our Senior Financial Officers, which is listed on the Exhibit Index.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this Item 11 is incorporated herein by reference to the sections of the Proxy Statement entitled "Compensation Discussion and Analysis," "Executive Compensation and Related Information," "Potential Post Employment Payments," "Director Compensation," "Compensation Committee Interlocks and Insider Participation" and "Compensation Committee Report."

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by this Item 12 (other than the information required by Section 201(d) of Regulation S-K, which is set forth below) is incorporated herein by reference to the sections of the Proxy Statement entitled "Security Ownership of Certain Beneficial Owners" and "Security Ownership of Management."

Securities Authorized for Issuance Under Equity Compensation Plans. The following table summarizes, as of December 31, 2023, certain information regarding equity compensation plans that were approved by stockholders and equity compensation plans that were not approved by stockholders.

Plan Category	Equity Compensation Plan Information		
	A	B	C
	Number of Securities to be Issued upon Exercise of Outstanding Options, Warrants and Rights	Weighted Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available for Future Issuance under Equity Compensation Plans (Excluding Securities Reflected in Column A)
Equity Compensation Plans Approved by Security Holders	335,131	\$ —	692,720 ⁽¹⁾
Equity Compensation Plans Not Approved by Security Holders	—	—	—
Total	335,131	\$ —	692,720 ⁽¹⁾

(1) Represents shares of our common stock available for future issuance under our 2010 Incentive Plan, which may be issued pursuant to the award of restricted stock, unrestricted stock and/or awards that are valued in whole or in part by reference to, or are otherwise based on the fair market value of, our common stock.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE

The information required by this Item 13 is incorporated herein by reference to the sections of the Proxy Statement entitled "Compensation Committee Interlocks and Insider Participation" and "Corporate Governance."

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required by this Item 14 is incorporated herein by reference to the section of the Proxy Statement entitled "Ratification of Appointment of Independent Auditors."

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a)(1) The following consolidated financial statements of EMCOR Group, Inc. and Subsidiaries are filed as part of this report under Part II, Item 8. Financial Statements and Supplementary Data:

Financial Statements:

Consolidated Balance Sheets - December 31, 2023 and 2022

Consolidated Statements of Operations - Years Ended December 31, 2023, 2022, and 2021

Consolidated Statements Comprehensive Income - Years Ended December 31, 2023, 2022, and 2021

Consolidated Statements of Cash Flows - Years Ended December 31, 2023, 2022, and 2021

Consolidated Statements of Equity - Years Ended December 31, 2023, 2022, and 2021

Notes to Consolidated Financial Statements

Reports of Independent Registered Public Accounting Firm (PCAOB ID: 42)

(a)(2) The following financial statement schedule is included in this Form 10-K: Schedule II - Valuation and Qualifying Accounts

All other schedules are omitted because they are not required, are inapplicable, or the information is otherwise shown in the consolidated financial statements or notes thereto.

(a)(3) The exhibits filed in response to Item 601 of Regulation S-K are listed in the Exhibit Index.

(b) Exhibit Index

EXHIBIT INDEX

Exhibit No.	Description	Incorporated By Reference to or Filed Herewith, as Indicated Below
3(a-1)	Restated Certificate of Incorporation of EMCOR filed December 15, 1994	Exhibit 3(a-5) to EMCOR's Registration Statement on Form 10 as originally filed March 17, 1995 ("Form 10")
3(a-2)	Amendment dated November 28, 1995 to the Restated Certificate of Incorporation of EMCOR	Exhibit 3(a-2) to EMCOR's Annual Report on Form 10-K for the year ended December 31, 1995 ("1995 Form 10-K")
3(a-3)	Amendment dated February 12, 1998 to the Restated Certificate of Incorporation of EMCOR	Exhibit 3(a-3) to EMCOR's Annual Report on Form 10-K for the year ended December 31, 1997 ("1997 Form 10-K")
3(a-4)	Amendment dated January 27, 2006 to the Restated Certificate of Incorporation of EMCOR	Exhibit 3(a-4) to EMCOR's Annual Report on Form 10-K for the year ended December 31, 2005 ("2005 Form 10-K")
3(a-5)	Amendment dated September 18, 2007 to the Restated Certificate of Incorporation of EMCOR	Exhibit A to EMCOR's Proxy Statement dated August 17, 2007 for Special Meeting of Stockholders held September 18, 2007
3(a-6)	Certificate of Amendment of Restated Certificate of Incorporation of EMCOR	Exhibit 3.1 to EMCOR's Report on Form 8-K (Date of Report June 8, 2023)
3(b)	Second Amended and Restated By-Laws of EMCOR	Exhibit 3.1 to EMCOR's Report on Form 8-K (Date of Report October 25, 2022)
4(a)	Seventh Amended and Restated Credit Agreement dated as of December 20, 2023 by and among EMCOR and certain subsidiaries and Bank of Montreal, as Agent and the lenders listed on the signature pages thereof	Filed herewith
4(b)	Description of Registrant's Securities	Exhibit 4(e) to EMCOR's Annual Report on Form 10-K for the year ended December 31, 2020 ("2020 Form 10-K")
10(a)	Form of Severance Agreement ("Severance Agreement") between EMCOR and each of R. Kevin Matz and Mark A. Pompa	Exhibit 10.1 to EMCOR's Report on Form 8-K (Date of Report April 25, 2005)
10(b)	Form of Amendment to Severance Agreement between EMCOR and each of R. Kevin Matz and Mark A. Pompa	Exhibit 10(c) to EMCOR's Quarterly Report on Form 10-Q for the quarter ended March 31, 2007 ("March 2007 Form 10-Q")
10(c)	Letter Agreement dated October 12, 2004 between Anthony Guzzi and EMCOR (the "Guzzi Letter Agreement")	Exhibit 10.1 to EMCOR's Report on Form 8-K (Date of Report October 12, 2004)
10(d)	Form of Confidentiality Agreement between Anthony Guzzi and EMCOR	Exhibit C to the Guzzi Letter Agreement
10(e)	Form of Indemnification Agreement between EMCOR and each of its officers and directors	Exhibit F to the Guzzi Letter Agreement
10(f-1)	Severance Agreement ("Guzzi Severance Agreement") dated October 25, 2004 between Anthony Guzzi and EMCOR	Exhibit D to the Guzzi Letter Agreement
10(f-2)	Amendment to Guzzi Severance Agreement	Exhibit 10(g-2) to the March 2007 Form 10-Q
10(g-1)	Continuity Agreement dated as of June 22, 1998 between R. Kevin Matz and EMCOR ("Matz Continuity Agreement")	Exhibit 10(f) to EMCOR's Quarterly Report on Form 10-Q for the quarter ended June 30, 1998 ("June 1998 Form 10-Q")
10(g-2)	Amendment dated as of May 4, 1999 to Matz Continuity Agreement	Exhibit 10(m) to EMCOR's Quarterly Report on Form 10-Q for the quarter ended June 30, 1999 ("June 1999 Form 10-Q")
10(g-3)	Amendment dated as of January 1, 2002 to Matz Continuity Agreement	Exhibit 10(o-3) to EMCOR's Quarterly Report on Form 10-Q for the quarter ended March 31, 2002 ("March 2002 Form 10-Q")

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Exhibit No.	Description	Incorporated By Reference to or Filed Herewith, as Indicated Below
10(g-4)	Amendment dated as of March 1, 2007 to Matz Continuity Agreement	Exhibit 10(n-4) to the March 2007 Form 10-Q
10(h-1)	Continuity Agreement dated as of June 22, 1998 between Mark A. Pompa and EMCOR ("Pompa Continuity Agreement")	Exhibit 10(g) to the June 1998 Form 10-Q
10(h-2)	Amendment dated as of May 4, 1999 to Pompa Continuity Agreement	Exhibit 10(n) to the June 1999 Form 10-Q
10(h-3)	Amendment dated as of January 1, 2002 to Pompa Continuity Agreement	Exhibit 10(p-3) to the March 2002 Form 10-Q
10(h-4)	Amendment dated as of March 1, 2007 to Pompa Continuity Agreement	Exhibit 10(o-4) to the March 2007 Form 10-Q
10(i-1)	Change of Control Agreement dated as of October 25, 2004 between Anthony Guzzi ("Guzzi") and EMCOR ("Guzzi Continuity Agreement")	Exhibit E to the Guzzi Letter Agreement
10(i-2)	Amendment dated as of March 1, 2007 to Guzzi Continuity Agreement	Exhibit 10(p-2) to the March 2007 Form 10-Q
10(i-3)	Amendment to Continuity Agreements and Severance Agreements with Anthony J. Guzzi, R. Kevin Matz and Mark A. Pompa	Exhibit 10(O) to EMCOR's Annual Report on Form 10-K for the year ended December 31, 2008 ("2008 Form 10-K")
10(j)	Amendment dated as of March 29, 2010 to Severance Agreement with Anthony J. Guzzi, R. Kevin Matz and Mark A. Pompa	Exhibit 10.1 to Form 8-K (Date of Report March 29, 2010) ("March 2010 Form 8-K")
10(k-1)	Severance Agreement dated as of October 26, 2016 between EMCOR and Maxine L. Mauricio	Exhibit 10(l-1) to EMCOR's Quarterly Report on Form 10-Q for the quarter ended September 30, 2016 ("September 2016 Form 10-Q")
10(k-2)	Continuity Agreement dated as of October 26, 2016 between EMCOR and Maxine L. Mauricio ("Mauricio Continuity Agreement")	Exhibit 10(l-2) to the September 2016 Form 10-Q
10(k-3)	Amendment dated April 10, 2017 to Mauricio Continuity Agreement	Exhibit 10(l-3) to EMCOR's Quarterly Report on Form 10-Q for the quarter ended March 31, 2017
10(l-1)	EMCOR Group, Inc. Long-Term Incentive Plan ("LTIP")	Exhibit 10 to Form 8-K (Date of Report December 15, 2005)
10(l-2)	First Amendment to LTIP and updated Schedule A to LTIP	Exhibit 10(S-2) to 2008 Form 10-K
10(l-3)	Second Amendment to LTIP	Exhibit 10.2 to March 2010 Form 8-K
10(l-4)	Third Amendment to LTIP	Exhibit 10(q-4) to EMCOR's Quarterly Report on Form 10-Q for the quarter ended March 31, 2012 ("March 2012 Form 10-Q")
10(l-5)	Fourth Amendment to LTIP	Exhibit 10(l-5) to EMCOR's Quarterly Report on Form 10-Q for the quarter ended June 30, 2013
10(l-6)	Form of Certificate Representing Stock Units issued under LTIP	Exhibit 10(T-2) to EMCOR's Annual Report on Form 10-K for the year ended December 31, 2007 ("2007 Form 10-K")
10(l-7)	Fifth Amendment to LTIP	Exhibit 10(l-7) to EMCOR's Annual Report on Form 10-K for the year ended December 31, 2015 ("2015 Form 10-K")

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Exhibit No.	Description	Incorporated By Reference to or Filed Herewith, as Indicated Below
10(l-8)	Sixth Amendment to LTIP	Exhibit 10(l-8) to 2015 Form 10-K
10(l-9)	Seventh Amendment to LTIP	Exhibit 10(l-9) to EMCOR's Annual Report on Form 10-K for the year ended December 31, 2021
10(l-10)	Eighth Amendment to LTIP	Filed herewith
10(m)	Key Executive Incentive Bonus Plan, as amended and restated	Exhibit B to EMCOR's Proxy Statement for its Annual Meeting held June 13, 2013
10(n)	Amended and Restated 2010 Incentive Plan	Exhibit 10.1 to Form 8-K (Date of Report June 11, 2020)
10(o)	EMCOR Group, Inc. Employee Stock Purchase Plan	Exhibit C to EMCOR's Proxy Statement for its Annual Meeting held June 18, 2008
10(p)	Director Award Program Adopted May 13, 2011, as amended and restated December 14, 2011	Exhibit 10(n)(n) to EMCOR's Annual Report on Form 10-K for the year ended December 31, 2011
10(q)	Form of Non-LTIP Stock Unit Certificate	Exhibit 10(p)(p) to the March 31, 2012 Form 10-Q
10(r)	Form of Director Restricted Stock Unit Agreement	Exhibit 10(k)(k) to EMCOR's Quarterly Report on Form 10-Q for the quarter ended June 30, 2012 ("June 2012 Form 10-Q")
10(s)	Director Award Program, as Amended and Restated December 16, 2014	Exhibit 10(z) to EMCOR's Annual Report on Form 10-K for the year ended December 31, 2014
10(t)	EMCOR Group, Inc. Voluntary Deferral Plan	Exhibit 10(E)(E) to EMCOR's Annual Report on Form 10-K for the year ended December 31, 2012 ("2012 Form 10-K")
10(u)	First Amendment to EMCOR Group, Inc. Voluntary Deferral Plan	Exhibit 10(e)(e) to EMCOR's Annual Report on Form 10-K for the year ended December 31, 2013
10(v)	Form of Executive Restricted Stock Unit Agreement	Exhibit 10(F)(F) to 2012 Form 10-K
14	Code of Ethics of EMCOR for Chief Executive Officer and Senior Financial Officers	Exhibit 14 to EMCOR's Annual Report on Form 10-K for the year ended December 31, 2003
21	List of Significant Subsidiaries	Filed herewith
23.1	Consent of Ernst & Young LLP	Filed herewith
31.1	Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 by Anthony J. Guzzi, the Chairman, President, and Chief Executive Officer	Filed herewith
31.2	Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 by Mark A. Pompa, the Executive Vice President and Chief Financial Officer	Filed herewith
32.1	Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 by the Chairman, President, and Chief Executive Officer	Furnished
32.2	Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 by the Executive Vice President and Chief Financial Officer	Furnished
95.1	Information concerning mine safety violations or other regulatory matters	Filed herewith
97	Policy Relating to Recovery of Erroneously Awarded Compensation	Filed herewith

EXHIBIT INDEX

Exhibit No.	Description	Incorporated By Reference to or Filed Herewith, as Indicated Below
101	The following materials from EMCOR Group, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2023, formatted in iXBRL (Inline eXtensible Business Reporting Language): (i) the Consolidated Balance Sheets, (ii) the Consolidated Statements of Operations, (iii) the Consolidated Statements of Comprehensive Income, (iv) the Consolidated Statements of Cash Flows, (v) the Consolidated Statements of Equity and (vi) the Notes to Consolidated Financial Statements.	Filed
104	Cover Page Interactive Data File (formatted in Inline XBRL and contained in Exhibit 101)	Filed

Pursuant to Item 601(b)(4)(iii) of Regulation S-K, upon request of the Securities and Exchange Commission, the Registrant hereby undertakes to furnish a copy of any unfiled instrument which defines the rights of holders of long-term debt of the Registrant's subsidiaries.

ITEM 16. FORM 10-K SUMMARY

None.

SIGNATURES

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

Date: February 28, 2024

EMCOR GROUP, INC.

(Registrant)

BY:

/s/ ANTHONY J. GUZZI

Anthony J. Guzzi

Chairman, President, and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities indicated on February 28, 2024.

/s/ ANTHONY J. GUZZI

Anthony J. Guzzi

Chairman, President, and Chief Executive Officer

(Principal Executive Officer)

/s/ MARK A. POMPA

Mark A. Pompa

Executive Vice President and Chief Financial Officer

(Principal Financial Officer)

/s/ JASON R. NALBANDIAN

Jason R. Nalbandian

Senior Vice President and Chief Accounting Officer

(Principal Accounting Officer)

/s/ JOHN W. ALTMAYER

John W. Altmeyer

Director

/s/ RONALD L. JOHNSON

Ronald L. Johnson

Director

/s/ CAROL P. LOWE

Carol P. Lowe

Director

/s/ M. KEVIN McEVoy

M. Kevin McEvoy

Director

/s/ WILLIAM P. REID

William P. Reid

Director

/s/ STEVEN B. SCHWARZWAELDER

Steven B. Schwarzwaelder

Director

/s/ ROBIN WALKER-LEE

Robin Walker-Lee

Director

/s/ REBECCA A. WEYENBERG

Rebecca A. Weyenberg

Director

SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS
(In thousands)

Description	Balance at Beginning of Year	Costs and Expenses	Deductions ⁽¹⁾	Balance at End of Year
Allowance for credit losses				
Year Ended December 31, 2023	\$ 22,382	7,859	(7,739)	\$ 22,502
Year Ended December 31, 2022	\$ 23,534	5,166	(6,318)	\$ 22,382
Year Ended December 31, 2021	\$ 18,031	8,041	(2,538)	\$ 23,534

(1) Deductions primarily represent uncollectible balances of accounts receivable written off, net of recoveries.

Seventh Amended and Restated Credit Agreement

by and among

EMCOR Group, Inc.

and

Certain of its Subsidiaries

and

Bank of Montreal,
individually and as Agent

and

the Lenders
which are or become parties hereto

Dated as of December 20, 2023

BMO Capital Markets Corp.,
as a Joint Lead Arranger and Joint Book Runner

Bank of America, N.A.
U.S. Bank, National Association,
Citizens Bank, National Association,
JPMorgan Chase Bank, N.A.
PNC Bank National Association, and
Wells Fargo Bank, N.A.

as Joint Lead Arrangers, Joint Book Runners and Co-Syndication Agents

TD Bank, N.A.,
as Documentation Agent

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EMCOR Group, Inc.

Seventh Amended and Restated Credit Agreement

This Seventh Amended and Restated Credit Agreement is entered into as of December 20, 2023, by and among EMCOR Group, Inc., a Delaware corporation (the "Company"), and EMCOR Group (UK) plc, a United Kingdom public limited company ("EMCOR UK"), the several financial institutions from time to time party to this Agreement, as Lenders, and Bank of Montreal, as Agent as provided herein. All capitalized terms used herein without definition shall have the same meanings herein as such terms are defined in Section 9.1 hereof.

Preliminary Statement

A. The Borrowers, the Lenders from time to time party thereto and the Agent, are currently party to that certain Sixth Amended and Restated Credit Agreement dated as of March 2, 2020 (as amended, the "Existing Credit Agreement") pursuant to which the Lenders agreed to make a revolving credit available to the Borrowers, all as more fully set forth therein.

B. The Company and EMCOR UK have requested that certain amendments be made to the Existing Credit Agreement, and, for the sake of clarity and convenience, that the Existing Credit Agreement be restated as so amended.

Now, Therefore, in consideration of the recitals set forth above, which by this reference are incorporated into this Agreement set forth below, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged and subject to the terms and conditions hereof and on the basis of the representations and warranties herein set forth, the Borrowers, the Lenders and the Agent hereby agree that on the Closing Date, the Existing Credit Agreement and all of the Exhibits and Schedules thereto shall be amended and as so amended shall be restated in their entirety to read as follows:

Section 1. The Credits.

Section 1.1. Aggregate Revolving Commitments.

(a) *U.S. Revolving Loans.* Subject to the terms and conditions hereof and as part of the Aggregate Revolving Commitments, each U.S. Lender, by its acceptance hereof, severally agrees to make a loan or loans (individually a "U.S. Revolving Loan" and collectively the "U.S. Revolving Loans") in U.S. Dollars to the U.S. Borrowers from time to time on a revolving basis before the Revolving Credit Termination Date. Each Borrowing of U.S. Revolving Loans shall be made ratably by the U.S. Lenders in proportion to their respective U.S. Revolver Percentages. Subject to the terms and conditions hereof, U.S. Revolving Loans may be repaid and the principal amount thereof reborrowed before the Revolving Credit Termination Date, subject to the terms and conditions hereof.

(b) *Multicurrency Revolving Loans.* Subject to the terms and conditions hereof and as part of the Aggregate Revolving Commitments, each Multicurrency Lender, by its acceptance hereof, severally agrees to make a loan or loans (individually an "Multicurrency Revolving Loan" and collectively the "Multicurrency Revolving Loans") in (i) U.S. Dollars or Alternative

Currencies to the U.K. Borrowers and (ii) Alternative Currencies to the U.S. Borrowers, in each case from time to time on a revolving basis before the Revolving Credit Termination Date. Each Borrowing of Multicurrency Revolving Loans hereunder shall be made ratably by the Multicurrency Lenders in proportion to their respective Multicurrency Revolver Percentages. Subject to the terms and conditions hereof, Multicurrency Revolving Loans may be repaid and the principal amount thereof reborrowed before the Revolving Credit Termination Date, subject to the terms and conditions hereof. For the avoidance of doubt, Multicurrency Revolving Loans denominated in an Alternative Currency shall not be available under this Agreement until such time as the Borrowers, the Guarantors, the Lenders and the Agent enter into an amendment to this Agreement re-implementing such provisions.

(c) *General.* With respect to each Credit Utilization, after giving effect to such Credit Utilization:

(i) the sum of the U.S. Dollar Equivalent of the Revolving Credit Exposure for all Lenders at any time outstanding shall not exceed the Aggregate Revolving Commitments in effect at such time;

(ii) the sum of the U.S. Revolving Credit Exposure for all Lenders at any one time outstanding shall not exceed an amount equal to (A) the U.S. Dollar Commitments in effect at such time *minus* (B) the U.S. Dollar Equivalent of the aggregate principal amount of Multicurrency Revolving Loans outstanding at such time;

(iii) the sum of the U.S. Dollar Equivalent of the aggregate principal amount of Multicurrency Revolving Loans at any one time outstanding shall not exceed an amount equal to (A) the Multicurrency Commitments in effect at such time *minus* (B) the U.S. Revolving Credit Exposure for all Lenders outstanding at such time;

(iv) the sum of the U.S. Dollar Equivalent of any Lender's Revolving Credit Exposure shall not at any time exceed such Lender's Aggregate Revolving Commitment, the sum of any Lender's U.S. Revolving Credit Exposure shall not exceed such Lender's U.S. Dollar Commitment, and the sum of any Lender's Multicurrency Revolving Loans shall not exceed such Lender's Multicurrency Commitment;

(v) the sum of the U.S. Dollar Equivalent of the aggregate principal amount of all Multicurrency Revolving Loans made to the U.K. Borrowers shall in no event exceed the U.S. Dollar Equivalent of \$100,000,000 at any one time outstanding (the "*UK Borrowers Sublimit*"); and

(vi) the sum of the U.S. Dollar Equivalent of the aggregate principal amount of all Multicurrency Revolving Loans at any one time outstanding (including the aggregate amount of L/C Obligations with respect to Letters of Credit denominated in Alternative Currencies) shall in no event exceed the U.S. Dollar Equivalent of \$100,000,000 (the "*Multicurrency Sublimit*").

(d) *Several Obligations.* The obligations of the Lenders hereunder are several and not joint.

Section 1.2 Intentionally Omitted.

Section 1.3. Letters of Credit.

(a) *General Terms.* Subject to the terms, conditions and limitations hereof (including those set forth in Section 1.1 hereof), as part of the U.S. Revolving Facility, the Applicable Issuers shall issue Financial Letters of Credit or Performance Letters of Credit (each a “*Letter of Credit*”) under the U.S. Revolving Facility for the account of a U.S. Borrower and/or one or more of its Subsidiaries in U.S. Dollars or Alternative Currencies in an aggregate undrawn face amount up to the L/C Sublimit; *provided*, no Applicable Issuer shall be required to issue a Letter of Credit hereunder if, after giving effect to such Letter of Credit, the aggregate undrawn face amount of all Letters of Credit issued by such Applicable Issuer and any affiliate of the Applicable Issuer would exceed the Applicable Issuer’s Cap. Each Letter of Credit shall be issued by the Applicable Issuer, but each U.S. Lender shall be obligated to reimburse the Applicable Issuer for such U.S. Lender’s U.S. Revolver Percentage of the amount of each drawing thereunder in accordance with the terms hereof and, accordingly, each Letter of Credit shall constitute usage of the U.S. Dollar Commitment of each U.S. Lender pro rata in an amount equal to its U.S. Revolver Percentage of the U.S. Dollar Equivalent of the L/C Obligations then outstanding. As of the Closing Date, each of the Existing Letters of Credit shall constitute, for all purposes of this Agreement and the other Loan Documents, a Letter of Credit issued and outstanding hereunder. Each Letter of Credit shall conform to the Applicable Issuer’s policies as to form and shall be a Letter of Credit which the Applicable Issuer may lawfully issue. Each Letter of Credit shall support payment of an obligation of the U.S. Borrower which applies for such Letter of Credit or an obligation of such U.S. Borrower’s Restricted Subsidiary or of a Strategic Venture or other joint venture permitted by Section 7.12 hereof in which the applicant or one of its Restricted Subsidiaries has an equity interest.

(b) *Applications.* At any time before the Revolving Credit Termination Date, the Applicable Issuer shall, subject to all of the terms and conditions hereof, at the request of the Company (which is acting on behalf of the Borrowers pursuant to Section 1.7 hereof), issue one or more Letters of Credit, in a form satisfactory to the Applicable Issuer, in an aggregate face amount not to exceed the L/C Sublimit and the relevant Applicable Issuer’s Cap upon the receipt of an application and reimbursement agreement, if applicable, for the relevant Letter of Credit in the form customarily prescribed by the Applicable Issuer for the type of Letter of Credit in question, duly executed by the Borrower for whose account such Letter of Credit was issued (each such application together with the related reimbursement agreement, if any, being referred to herein as an “*Application*”). Each Letter of Credit issued hereunder shall (a) be payable, as determined by the Company acting on behalf of the applicable Borrower, in U.S. Dollars or an Alternative Currency and (b) expire not later than (i) the Revolving Credit Termination Date for Letters of Credit issued by Bank of Montreal and (ii) the date which is five days prior to the Revolving Credit Termination Date for Letters of Credit issued by an Applicable Issuer other than Bank of Montreal; *provided*, that in the sole discretion of the Agent and the Applicable Issuer, one or more Letters of Credit may be issued and renewed with an expiration date after the Revolving Credit Termination Date (but no later than one year after the Revolving Credit Termination Date) so long as the applicable Borrower deposits with the Agent at least five (5) Business Days prior to the Revolving Credit Termination Date Cash Collateral to be held in

accordance with Section 8.4(b) hereof in an amount not less than 102% of the face amount of such Letters of Credit (it being understood that the participations of the Lenders (other than the Applicable Issuer) in any such Letter of Credit shall terminate on the Revolving Credit Termination Date to the extent such Letter of Credit has been Cash Collateralized in accordance with the foregoing). Notwithstanding anything contained in any Application to the contrary, (i) the applicable Borrower's obligation to pay fees in connection with each Letter of Credit shall be as exclusively set forth in Section 3.3 hereof, (ii) except as otherwise provided in Section 2.11, 2.12 or Section 3.5 hereof or during existence of an Event of Default, the Applicable Issuer will not call for the funding by such Borrower of any amount under a Letter of Credit, or any other form of collateral security (other than the Collateral, if any, and the Guaranty Agreements) for such Borrower's obligations in connection with such Letter of Credit, before being presented with a drawing thereunder, and (iii) if the Applicable Issuer is not timely reimbursed for the amount of any drawing under a Letter of Credit on the date such drawing is paid, upon written notice from the Applicable Issuer the Borrower's obligation to reimburse the Applicable Issuer for the amount of such drawing shall bear interest (which the relevant Borrower hereby promises to pay) from and after the date such drawing is paid at a rate per annum equal to the sum of 2% plus the Applicable Margin for SOFR Loans from time to time in effect. The Applicable Issuer will promptly notify the Agent of each request for a Letter of Credit and of the issuance of a Letter of Credit and the Agent shall promptly thereafter so notify each of the Lenders. If an Applicable Issuer issues any Letters of Credit with expiration dates that are automatically extended unless such Applicable Issuer gives notice that the expiration date will not so extend beyond its then scheduled expiration date, such Applicable Issuer will give such notice of non-renewal before the time necessary to prevent such automatic extension if before such required notice date (i) the expiration date of such Letter of Credit if so extended would be after the Revolving Credit Termination Date unless the Borrowers provide Cash Collateral in accordance with this Section 1.3(b), (ii) the Aggregate Revolving Commitments have been terminated, or (iii) an Event of Default exists and the Required Lenders have given the Applicable Issuer instructions not to so permit the extension of the expiration date of such Letter of Credit. Without limiting the generality of the foregoing, the parties hereto hereby confirm and agree that each Applicable Issuer's obligation to issue, amend or extend the expiration date of a Letter of Credit is subject to the conditions of Section 6, the other terms of this Section 1.3 and the other provisions of this Agreement, and such Applicable Issuer will not issue, amend or extend the expiration date of any Letter of Credit if the Agent or the Required Lenders notify in writing such Applicable Issuer of any Default or Event of Default that is continuing and direct the Applicable Issuer not to take such action.

(c) *The Reimbursement Obligation.* (i) Subject to Section 1.3(b) hereof, the obligation of a Borrower to reimburse the Applicable Issuer for all drawings under a Letter of Credit issued for such Borrower's account (a "Reimbursement Obligation") shall be governed by the Application related to such Letter of Credit, except that reimbursement of each drawing shall be made in immediately available funds at the designated office of the Applicable Issuer by no later than 12:00 Noon (local time at the issuing office of the Applicable Issuer) on the date when such drawing is paid in the case of payment before 12:00 Noon (local time at the issuing office of the Applicable Issuer), and in all other cases by 12:00 Noon (local time at the issuing office of the Applicable Issuer) of the next Business Day. If the relevant Borrower does not make any such

reimbursement payment on the date due and the applicable Participating Lenders fund their participations therein in the manner set forth in Section 1.3(d) below, then all payments thereafter received by the Applicable Issuer in discharge of any of the relevant Reimbursement Obligations shall be distributed in accordance with Section 1.3(d) below.

(ii) The Borrower's obligation to reimburse the Applicable Issuer as provided in subsection (c)(i) of this Section shall be absolute, unconditional and irrevocable, and shall be performed strictly in accordance with the terms of this Agreement and the relevant Application under any and all circumstances whatsoever and irrespective of (i) any lack of validity or enforceability of any Letter of Credit or this Agreement, or any term or provision therein, (ii) any draft or other document presented under a Letter of Credit proving to be forged, fraudulent or invalid in any respect or any statement therein being untrue or inaccurate in any respect, (iii) payment by the Applicable Issuer under a Letter of Credit against presentation of a draft or other document that does not strictly comply with the terms of such Letter of Credit, or (iv) any other event or circumstance whatsoever, whether or not similar to any of the foregoing, that might, but for the provisions of this Section, constitute a legal or equitable discharge of, or provide a right of setoff against, the Borrowers' obligations hereunder. None of the Agent, the Lenders, or the Applicable Issuers shall have any liability or responsibility by reason of or in connection with the issuance or transfer of any Letter of Credit or any payment or failure to make any payment thereunder (irrespective of any of the circumstances referred to in the preceding sentence), or any error, omission, interruption, loss or delay in transmission or delivery of any draft, notice or other communication under or relating to any Letter of Credit (including any document required to make a drawing thereunder), any error in interpretation of technical terms or any consequence arising from causes beyond the control of the Applicable Issuer; *provided* that the foregoing shall not be construed to excuse the Applicable Issuer from liability to the relevant Borrower to the extent of any direct damages (as opposed to consequential damages, claims in respect of which are hereby waived by the such Borrower to the extent permitted by applicable law) suffered by such Borrower that are caused by the Applicable Issuer's failure to exercise care when determining whether drafts and other documents presented under a Letter of Credit comply with the terms thereof. The parties hereto expressly agree that, in the absence of gross negligence or willful misconduct on the part of the Applicable Issuer (as finally determined by a court of competent jurisdiction), the Applicable Issuer shall be deemed to have exercised care in each such determination. In furtherance of the foregoing and without limiting the generality thereof, the parties agree that, with respect to documents presented which appear on their face to be in substantial compliance with the terms of a Letter of Credit, the Applicable Issuer may, in its sole discretion, either accept and make payment upon such documents without responsibility for further investigation, regardless of any notice or information to the contrary, or refuse to accept and make payment upon such documents if such documents are not in strict compliance with the terms of such Letter of Credit.

(d) *The Participating Interests.* Each U.S. Lender, by its acceptance hereof, severally agrees to purchase from the Applicable Issuer, and the Applicable Issuer hereby agrees to sell to each such U.S. Lender (a "Participating Lender"), an undivided percentage participating interest (a "Participating Interest"), to the extent of its U.S. Revolver Percentage, in each Letter of Credit issued by, and each Reimbursement Obligation owed to, the Applicable Issuer. Upon any failure by a Borrower to pay any Reimbursement Obligation in respect of a Letter of Credit

issued for such Borrower's account at the time required on the date the related drawing is paid, as set forth in Section 1.3(c) above, or if the Applicable Issuer is required at any time to return to a Borrower or to a trustee, receiver, liquidator, custodian or other Person any portion of any payment of any Reimbursement Obligation, each applicable Participating Lender shall, not later than (i) with respect to payments required to be made in U.S. Dollars, the Business Day it receives a certificate from the Applicable Issuer to such effect, if such certificate is received before 1:00 p.m. (local time at the office of the Issuer), or not later than the following Business Day, if such certificate is received after such time, and (ii) with respect to payments required to be made in an Alternative Currency, not later than three (3) Business Days after receipt of such certificate pay to the Applicable Issuer an amount equal to its U.S. Revolver Percentage, of such unpaid or recaptured Reimbursement Obligation together with interest on such amount accrued from the date such payment is required under this clause (d) to the date of such payment by such Participating Lender at a rate per annum equal to (i) from the date the related payment by such Participating Lender is required to be made under this clause (d) to the date two (2) Business Days after payment by such Participating Lender is due hereunder, the Federal Funds Rate for each such day and (ii) from the date two (2) Business Days after the date such payment is due from such Participating Lender to the date such payment is made by such Participating Lender, the rate per annum determined by adding the Applicable Margin to the Base Rate in effect for each such day. Each such Participating Lender shall thereafter be entitled to receive its U.S. Revolver Percentage of each payment received in respect of the relevant Reimbursement Obligation and of interest paid thereon, with the Applicable Issuer retaining its Percentage as a Lender hereunder.

The several obligations of the Participating Lenders to the Issuers under this Section 1.3 shall be absolute, irrevocable and unconditional under any and all circumstances whatsoever (except, to the extent such Borrower is relieved from its obligation to reimburse the Applicable Issuer for a drawing under a Letter of Credit due solely to the Applicable Issuer's gross negligence or willful misconduct in determining that documents received under the Letter of Credit comply with the terms thereof as determined by a final, non-appealable judgment of a court of competent jurisdiction) and shall not be subject to any set-off, counterclaim or defense to payment which any Participating Lender may have or have had against any one or more of the Borrowers, the Agent, any other Lender or any other Person whatsoever. Without limiting the generality of the foregoing, such obligations shall not be affected by any Default or Event of Default or by any reduction or termination of any Aggregate Revolving Commitment of any Lender, and each payment by a Participating Lender under this Section 1.3 shall be made without any offset, abatement, withholding or reduction whatsoever. The Agent shall be entitled to offset amounts received for the account of a Lender under this Agreement against unpaid amounts due from such Lender hereunder (whether as fundings of participations, indemnities or otherwise).

(e) *Indemnification.* Each of the Participating Lenders shall, to the extent of their respective Percentages, indemnify the Applicable Issuers (to the extent not reimbursed by the Borrowers) against any cost, expense (including reasonable counsel fees and disbursements), claim, demand, action, loss or liability (except such as result solely from the Applicable Issuer's gross negligence or willful misconduct as determined by a final, non-appealable judgment of a court of competent jurisdiction) that the Applicable Issuers may suffer or incur in connection with any Letter of Credit. The obligations of the Participating Lenders under this Section 1.3(e)

and all other parts of this Section 1.3 shall survive termination of this Agreement and of all other L/C Documents.

(f) *Effect of the Applications.* To the extent that any provision of an Application relating to any Letter of Credit is inconsistent with the provisions of this Agreement, the provisions of this Agreement shall apply.

(g) *Replacement of an Issuer.* (i) An Issuer may be replaced at any time by written agreement among the Borrowers, the Agent, the replaced Issuer, and the successor Issuer. The Agent shall notify the Lenders of any such replacement of the Issuer. At the time any such replacement shall become effective, the Borrower shall pay all unpaid fees accrued for the account of the replaced Issuer. From and after the effective date of any such replacement (i) the successor Issuer shall have all the rights and obligations of the Issuer under this Agreement with respect to Letters of Credit to be issued thereafter and (ii) references herein to the term "Issuer" shall be deemed to refer to such successor or to any previous Issuer, or to such successor and all previous Issuers, as the context shall require. After the replacement of an Issuer hereunder, the replaced Issuer shall remain a party hereto and shall continue to have all the rights and obligations of an Issuer under this Agreement with respect to Letters of Credit issued by it prior to such replacement, but shall not be required to issue additional Letters of Credit.

(ii) Subject to the appointment and acceptance of a successor Issuer, an Issuer may resign as an Issuer at any time upon thirty days' prior written notice to the Agent and the Company, in which case, such Issuer shall be replaced in accordance with Section 1.3(g)(i) above.

Section 1.4. Manner of Borrowing Loans and Designating Applicable Interest Rates.

(a) *Notice to the Agent.* The Company (which is acting on behalf of the Borrowers pursuant to Section 1.7 hereof) shall give notice to the Agent by no later than 12:00 Noon (Chicago time): (i) at least three (3) Business Days before the date on which the applicable Borrower requests the Lenders to advance a Borrowing of SOFR Loans or a Borrowing in an Alternative Currency and (ii) on the date the applicable Borrower requests the Lenders to advance a Borrowing of Base Rate Loans. The Loans included in each Borrowing shall bear interest initially at the type of rate specified in such notice of a new Borrowing. Thereafter, subject to the terms and conditions hereof, the applicable Borrower may from time to time elect to change or continue the type of interest rate borne by each Borrowing or, subject to the minimum amount requirement for each outstanding Borrowing set forth in Section 1.5 hereof, a portion thereof, as follows: (i) if such Borrowing is of SOFR Loans, on the last day of the Interest Period applicable thereto, the Borrower may continue part or all of such Borrowing as SOFR Loans or, with respect to a Borrowing denominated in U.S. Dollars, convert part or all of such Borrowing into Base Rate Loans or (ii) if such Borrowing is of Base Rate Loans, on any Business Day, the Company may convert all or part of such Borrowing into SOFR Loans for an Interest Period or Interest Periods specified by the Company (acting on behalf of the applicable Borrower). The Borrowers acknowledge that no Multicurrency Revolving Loan may be requested as, or converted into, a Base Rate Loan. The Company shall give all such notices requesting the advance, continuation or conversion of a Borrowing to the Agent in accordance with Section 1.7(b) hereof. Notice of the continuation of a Borrowing of SOFR Loans for an

additional Interest Period or of the conversion of part or all of a Borrowing of Base Rate Loans into SOFR Loans must be given by no later than 12:00 Noon (Chicago time) at least three (3) Business Days before the date of the requested continuation or conversion. All such notices concerning the advance, continuation or conversion of a Borrowing shall specify the date of the requested advance, continuation or conversion of a Borrowing (which shall be a Business Day), the amount of the requested Borrowing to be advanced, continued or converted, the type of Loans to comprise such new, continued or converted Borrowing, if such Borrowing is to be comprised of SOFR Loans, the Interest Period applicable thereto, if the Borrowing such Borrowing is a Revolving Loan, whether it is under the Multicurrency Revolving Facility or the U.S. Revolving Facility, and if such Borrowing is under the Multicurrency Revolving Facility, the currency (whether in U.S. Dollars or an Alternative Currency) of the Multicurrency Revolving Loan. Any such written notice of an advance of Borrowing shall be substantially in the form of Exhibit E attached hereto or such other under form as may be reasonably acceptable to the Agent. Upon notice to the Company by the Agent or the Required Lenders (or, in the case of an Event of Default under Section 8.1(k) or 8.1(l) hereof with respect to any Borrower, without notice), no Borrowing of SOFR Loans shall be advanced, continued, or created by conversion if any Default or Event of Default then exists.

(b) *Notice to the Lenders.* The Agent shall give prompt telephonic, facsimile or other telecommunication notice to each Lender of any notice from a Borrower received pursuant to Section 1.4(a) above, and, if such notice requests the Lenders to make SOFR Loans, the Agent shall give notice to the Company and each Lender by like means of the interest rate applicable thereto promptly after the Agent has made such determination.

(c) *Borrower's Failure to Notify.* If the Company fails to give notice pursuant to Section 1.4(a) above of the continuation or conversion of any outstanding principal amount of a Borrowing of SOFR Loans before the last day of its then current Interest Period within the period required by Section 1.4(a) and such Borrowing is not prepaid in accordance with Section 3.4, such Borrowing shall automatically be converted into a Borrowing of Base Rate Loans (or, if such Borrowing is an Alternative Currency, such Borrowing shall be continued for an Interest Period of one month). In the event the applicable Borrower fails to give notice pursuant to Section 1.4(a) above of a Borrowing equal to the amount of a Reimbursement Obligation and has not notified the Agent by 12:00 noon (Chicago time) on the day such Reimbursement Obligation becomes due that it intends to repay such Reimbursement Obligation through funds not borrowed under this Agreement, such Borrower shall be deemed to have requested a Borrowing of Base Rate Loans under the U.S. Revolving Facility (or, at the option of the Swing Line Lender, under the Swing Line) on such day in the amount of the Reimbursement Obligation then due, which Borrowing shall be applied to pay the Reimbursement Obligation then due.

(d) *Disbursement of Loans.* Not later than 2:00 p.m. (Chicago time) on the date of any requested advance of a new Borrowing, subject to Section 6 hereof, each Lender shall make available its Loan comprising part of such Borrowing (i) that is denominated in U.S. Dollars in funds immediately available at the principal office of the Agent in Chicago, Illinois (or at such other location as the Agent shall designate) or, (ii) that is denominated in an Alternative Currency at such office as the Agent has previously agreed to with the relevant Borrower, in each case in the currency received by the Agent from the Lenders.

(e) *Agent Reliance on Lender Funding.* Unless the Agent shall have been notified by a Lender prior to (or, in the case of a Borrowing of Base Rate Loans, by 1:00 p.m. (Chicago time)) on the date on which such Lender is scheduled to make payment to the Agent of the proceeds of a Loan (which notice shall be effective upon receipt) that such Lender does not intend to make such payment, the Agent may assume that such Lender has made such payment when due and the Agent may in reliance upon such assumption (but shall not be required to) make available to the relevant Borrower the proceeds of the Loan to be made by such Lender and, if any Lender has not in fact made such payment to the Agent, such Lender shall, on demand, pay to the Agent the amount made available to such Borrower attributable to such Lender together with interest thereon in respect of each day during the period commencing on the date such amount was made available to such Borrower and ending on (but excluding) the date such Lender pays such amount to the Agent at a rate per annum equal to: (i) from the date the related advance was made by the Agent to the date two (2) Business Days after payment by such Lender is due hereunder, the Federal Funds Rate for each such day, (ii) from the date two (2) Business Days after the date such payment is due from such Lender to the date such payment is made by such Lender, the Base Rate in effect for each such day, or (iii) in the case of a Multicurrency Revolving Loan denominated in an Alternative Currency, the cost to the Agent of funding the amount it advanced to fund such Multicurrency Lender's Revolving Loan, as determined by the Agent. If such amount is not received from such Lender by the Agent immediately upon demand, the applicable Borrower will, on demand, repay to the Agent the proceeds of the Loan attributable to such Lender with interest thereon at a rate per annum equal to the interest rate applicable to the relevant Loan.

(f) *Availability of Alternative Currency.* The Multicurrency Lenders' obligations to make Multicurrency Revolving Loans in an Alternative Currency or to provide or participate in Letters of Credit payable in an Alternative Currency shall always be subject to such Alternative Currency being freely available to each of them in the relevant market. If any Multicurrency Lender reasonably determines that such currency requested is unavailable to it in the amount and for the term requested it shall so notify the Agent within one Business Day of its receipt of the aforesaid notice and the Agent shall promptly notify the Company and each other Multicurrency Lender of its receipt of such notice and the request of the Company for the Borrowing in the Alternative Currency in question shall otherwise be deemed withdrawn.

Section 1.5. Minimum Borrowing Amounts. Each Borrowing of Base Rate Loans shall be in an amount not less than \$2,000,000, or such greater amount which is an integral multiple of \$100,000, and each Borrowing of SOFR Loans shall be in an amount not less than \$5,000,000, or such greater amount which is an integral multiple of \$100,000.

Section 1.6. Maturity of Loans.

(a) *Revolving Loans.* Each Revolving Loan, both for principal and interest not sooner paid, shall mature and be due and payable by the Borrowers on the Revolving Credit Termination Date.

(b) *Swing Loans.* Each Swing Loan, both for principal and interest not sooner paid, shall mature and be due and payable by the Borrowers on the Revolving Credit Termination Date.

Section 1.7. Appointment of Company as Agent for Borrowers; Reliance by Agent.

(a) *Appointment.* Each Borrower irrevocably appoints the Company as its agent hereunder to make requests on such Borrower's behalf under Section 1 hereof for Borrowings to be made by such Borrower and for Letters of Credit to be issued for such Borrower's account and to take any other action contemplated by the Loan Documents with respect to credit extended hereunder to such Borrower. The Agent and the Lenders shall be entitled to conclusively presume that any action by the Company under the Loan Documents is taken on behalf of any one or more of the Borrowers whether or not the Company so indicates.

(b) *Reliance.* All requests for Borrowings and selection of interest rates, currencies and Interest Periods applicable thereto may be written or oral, including by telephone, facsimile, or other telecommunication device acceptable to the Agent (which notice shall be irrevocable once given). The Borrowers agree that the Agent may rely on any such notice given by any person the Agent in good faith believes is an Authorized Representative without the necessity of independent investigation (the Borrowers hereby indemnifying the Agent and Lenders from any liability or loss ensuing from such reliance), and in the event any such telephonic or other oral notice conflicts with any written confirmation, such oral or telephonic notice shall govern if the Agent has acted in reliance thereon.

Section 1.8. Swing Loans.

(a) *Generally.* Subject to the terms and conditions hereof, as part of the U.S. Revolving Facility, the Swing Line Lender may, in its discretion, make loans in U.S. Dollars to the Company under the Swing Line (individually a "Swing Loan" and collectively the "Swing Loans") which shall not in the aggregate at any time outstanding exceed the Swing Line Sublimit. The Swing Loans may be requested by the Company from time to time and Borrowings thereunder may be repaid and used again during the period ending on the Revolving Credit Termination Date; *provided* that each Swing Loan must be repaid on the last day of the Interest Period applicable thereto. Each Swing Loan shall be in a minimum amount of \$250,000 or such greater amount which is an integral multiple of \$100,000.

(b) *Interest on Swing Loans.* Each Swing Loan shall bear interest until maturity (whether by acceleration or otherwise) at a rate per annum equal to (i) the sum of the Adjusted Term SOFR plus the Applicable Margin for SOFR Loans under the U.S. Revolving Facility as from time to time in effect or (ii) the Quoted Rate. Interest on each Swing Loan shall be due and payable prior to such maturity on the last day of each Interest Period applicable thereto.

(c) *Requests for Swing Loans.* The Company shall give the Agent prior notice (which may be written or oral), no later than 12:00 Noon (Chicago time) on the date upon which the Company requests that any Swing Loan be made, of the amount and date of such Swing Loan, and the Interest Period requested therefor. The Agent shall promptly advise the Swing Line Lender of any such notice received from the Company. Within 30 minutes after receiving such notice, the Swing Line Lender shall in its discretion quote an interest rate to the Company at which the Swing Line Lender would be willing to make such Swing Loan available to the Company for the Interest Period so requested (the rate so quoted for a given Interest Period being herein referred to as "Quoted Rate"). The Company acknowledges and agrees that the interest

rate quote is given for immediate and irrevocable acceptance. If the Company does not so immediately accept the Quoted Rate for the full amount requested by the Company for such Swing Loan, the Quoted Rate shall be deemed immediately withdrawn and such Swing Loan shall bear interest at the rate per annum determined by adding the Applicable Margin for Base Rate Loans under the U.S. Revolving Facility to the Base Rate as from time to time in effect. Subject to the terms and conditions hereof, the proceeds of such Swing Loan shall be made available to the Company on the date so requested at the offices of the Agent in Chicago, Illinois.

(d) *Refunding Loans.* In its sole and absolute discretion, the Swing Line Lender may at any time, on behalf of the Company (which hereby irrevocably authorizes the Swing Line Lender to act on its behalf for such purpose) and with notice to the Agent and the Company, request each U.S. Lender to make a U.S. Revolving Loan in the form of a Base Rate Loan in an amount equal to such U.S. Lender's Percentage of the amount of the Swing Loans outstanding on the date such notice is given. Unless an Event of Default described in Section 8.1(k) or 8.1(l) exists with respect to the Company, regardless of the existence of any other Event of Default, each U.S. Lender shall make the proceeds of its requested U.S. Revolving Loan available to the Agent (for the account of the Swing Line Lender), in immediately available funds, at the Agent's principal office in Chicago, Illinois, before 12:00 Noon (Chicago time) on the Business Day following the day such notice is given. The proceeds of such Borrowing of U.S. Revolving Loans shall be immediately applied to repay the outstanding Swing Loans.

(e) *Participations.* If any Lender refuses or otherwise fails to make a U.S. Revolving Loan when requested by the Swing Line Lender pursuant to Section 1.8(d) above (due to the existence of an Event of Default described in Section 8.1(k) or 8.1(l)), such U.S. Lender will, by the time and in the manner such U.S. Revolving Loan was to have been funded to the Swing Line Lender, purchase from the Swing Line Lender an undivided participating interest in the outstanding Swing Loans in an amount equal to its U.S. Revolver Percentage of the aggregate principal amount of Swing Loans that were to have been repaid with such U.S. Revolving Loans. Each U.S. Lender that so purchases a participation in a Swing Loan shall thereafter be entitled to receive its U.S. Revolver Percentage of each payment of principal received on the Swing Loan and of interest received thereon accruing from the date such U.S. Lender funded to the Swing Line Lender its participation in such U.S. Revolving Loan. The several obligations of the U.S. Lenders under this Section shall be absolute, irrevocable, and unconditional under any and all circumstances whatsoever and shall not be subject to any set-off, counterclaim or defense to payment which any Lender may have or have had against the Company, any other Borrower, any Guarantor, any other Lender or any other Person whatever. Without limiting the generality of the foregoing, such obligations shall not be affected by any Default or Event of Default or by any reduction or termination of the U.S. Dollar Commitments of any U.S. Lender, and each payment made by a U.S. Lender under this Section shall be made without any offset, abatement, withholding or reduction whatsoever.

Section 1.9. Default Rate. Notwithstanding anything to the contrary contained herein, while any Event of Default exists or after acceleration, the relevant Borrower shall pay interest (after as well as before entry of judgment thereon to the extent permitted by law) on the principal amount of all Loans owing by it at a rate per annum equal to:

- (a) for any Base Rate Loan or any Swing Loan bearing interest based on the Base Rate, the sum of 2.0% plus the Applicable Margin plus the Base Rate from time to time in effect;
- (b) for any SOFR Loan denominated in U.S. Dollars or any Swing Loan bearing interest at the Quoted Rate, the sum of 2.0% plus the rate of interest in effect thereon at the time of such Event of Default until the end of the Interest Period applicable thereto and, thereafter, at a rate per annum equal to the sum of 2.0% plus the Applicable Margin for Base Rate Loans plus the Base Rate from time to time in effect; and
- (c) for any SOFR Loan denominated in an Alternative Currency, the sum of 2.0% plus the rate of interest in effect thereon at the time of such Event of Default until the end of the Interest Period applicable thereto and, thereafter at a rate per annum equal to the sum of the Applicable Margin, plus a rate of two percent (2.0%) plus the rate of interest per annum as determined by the Agent (rounded upwards, if necessary, to the nearest whole multiple of one-sixteenth of one percent (1/16%)) at which overnight or weekend deposits of the appropriate currency (or, if such amount due remains unpaid more than three Business Days, then for such other period of time not longer than six months as the Agent may elect in its absolute discretion) for delivery in immediately available and freely transferable funds would be offered by the Agent to major banks in the interbank market upon request of such major banks for the applicable period as determined above and in an amount comparable to the unpaid principal amount of any such Loan (or, if the Agent is not placing deposits in such currency in the interbank market, then the Agent's cost of funds in such currency for such period).

provided, however, that in the absence of acceleration, any adjustments pursuant to this Section shall be made at the election of the Agent, acting at the request or with the consent of the Required Lenders, with written notice to the Borrowers. While any Event of Default exists or after acceleration, interest shall be paid on demand of the Agent at the request or with the consent of the Required Lenders.

Section 1.10. Increase in Commitment. Provided no Default or Event of Default has occurred and is continuing, the Company may, on any Business Day on or prior to the Revolving Credit Termination Date, from time to time, increase the aggregate amount of the U.S. Dollar Commitments and/or the Multicurrency Commitments by delivering a Commitment Amount Increase Request in the form of Exhibit D hereto at least five (5) Business Days prior to the desired effective date of such increase (the "Commitment Amount Increase") identifying an additional Lender acceptable to the Agent and each Applicable Issuer in its reasonable discretion or additional U.S. Dollar Commitment and/or Multicurrency Commitment agreed to be made by any existing Lender (each such additional Lender or existing Lender (in its capacity as such) being referred to as an "Additional Lender") and the amount of its U.S. Dollar Commitment and/or Multicurrency Commitment (or additional amount of its U.S. Dollar Commitment and/or Multicurrency Commitment). The aggregate amount of all such Commitment Amount Increases shall not exceed the greater of (i) \$900,000,000 and (ii) Adjusted EBITDA for the twelve month period ending immediately prior to the effective date of the Commitment Amount Increase. The effective date of the Commitment Amount Increase shall be agreed upon by the Company, such Additional Lender and the Agent (whose agreement shall not be unreasonably withheld,

conditioned or delayed). Upon the effectiveness thereof, each Additional Lender shall advance the relevant Revolving Loans and purchase Participating Interests in all then outstanding Letters of Credit in an amount sufficient such that after giving effect to such relevant Revolving Loans and purchases each Lender (including such Additional Lender) shall have outstanding its respective Percentage of the aggregate Revolving Loans and Participating Interests then outstanding. It shall be a condition to such effectiveness that no SOFR Loans be outstanding on the date of such effectiveness unless the Borrowers pay all amounts due under Section 2.5 hereof, and that the Company shall not have terminated any portion of the Aggregate Revolving Commitments pursuant to Section 3.5(a) hereof. The Company agrees to pay any reasonable fees or expenses of the Agent (including reasonable fees and disbursements of counsel) relating to any Commitment Amount Increase. Notwithstanding anything herein to the contrary, no Lender shall have any obligation to increase its Aggregate Revolving Commitment and no Lender's Aggregate Revolving Commitment shall be increased without its consent thereto, and each Lender may at its option, unconditionally and without cause, decline to increase its Aggregate Revolving Commitment.

Section 1.11. Removal of a Borrower. The Company may remove any Restricted Subsidiary as a Borrower (a "Removed Borrower") hereunder so long as (i) the Company has provided the Agent prior written notice at least five (5) Business Days prior to the effective date of such removal, (ii) all Reimbursement Obligations of, all Revolving Loans made to, the Removed Borrower and all accrued interest owing thereon are paid in full on or prior to the effective date of such removal, (iii) no Letters of Credit issued on the account of such Removed Borrower are outstanding unless the Agent has received Cash Collateral in an amount equal to 102% of the face principal amount of such Letters of Credit or such Removed Borrower has entered into other arrangements with the Agent and the Applicable Issuer satisfactory to the Agent and such Applicable Issuer with respect to such Letters of Credit, (iv) no Default or Event of Default has occurred and is continuing or would result from the removal of such Removed Borrower, and (v) the removal of such Removed Borrower does not have a Material Adverse Effect on such Removed Borrower's ability to continue to provide its Guaranty and pledge of Collateral as required hereunder or under any of the other Loan Documents. Upon satisfaction of the foregoing, the Lenders and the Issuers shall not be obligated to make Loans to, or issue Letters of Credit on account of, such Removed Borrower. The Company cannot designate a Restricted Subsidiary as a Borrower hereunder if such Borrower has been a Removed Borrower.

Section 1.12. Conversions. For all purposes of this Agreement, where a determination of the used, unused or available amount of the Aggregate Revolving Commitments or of the outstanding amount of Credit Utilizations is necessary, Credit Utilizations payable in an Alternative Currency shall be converted into their U.S. Dollar Equivalent. Such conversions shall be made on the date of each Credit Utilization in an Alternative Currency as to that Credit Utilization and all Credit Utilizations shall be converted into their U.S. Dollar Equivalent as of the last day of each month or at the time of each Credit Utilization should the Agent so elect. If the last day of a month is not a Business Day, such conversion shall be made as of the next Business Day. The Agent shall promptly notify the Company of such determination of a U.S. Dollar Equivalent and of the basis therefor. All Credit Utilizations and interest thereon shall be repaid in the currency in which they were effected.

Section 2. Interest.

Section 2.1. Base Rate Loans. Each Base Rate Loan shall bear interest (which the relevant Borrower promises to pay in arrears at the times herein provided) at the rate per annum determined by adding the Applicable Margin to the Base Rate as in effect from time to time, provided that if a Base Rate Loan is not paid when due (whether by lapse of time, acceleration or otherwise), such Base Rate Loan shall bear interest (which the relevant Borrower promises to pay at the times hereinafter provided), whether before or after judgment, and until payment in full thereof, at the rate per annum specified in Section 1.9 hereof. Interest on the Base Rate Loans shall be payable in arrears on the last day of each March, June, September and December of each year (beginning on the first of such dates after the date hereof) and at maturity of the Revolving Loans and interest after maturity shall be due and payable upon demand.

Section 2.2. SOFR Loans. Each SOFR Loan shall bear interest (which the relevant Borrower promises to pay in arrears at the times herein provided) on the unpaid principal amount thereof from time to time outstanding from the date of the Borrowing of such SOFR Loan until maturity (whether by acceleration or otherwise) at a rate per annum equal to the sum of the Applicable Margin plus Adjusted Term SOFR, payable on the last day of the applicable Interest Period and at maturity (whether by acceleration or otherwise), and, if the applicable Interest Period is longer than three months, on the date occurring three months after the date of the Borrowing of such Loan; *provided* that if a SOFR Loan is not paid when due (whether by acceleration or otherwise), such Loan shall bear interest (which the relevant Borrower promises to pay at the times herein provided) from the date such payment was due until paid in full, payable on demand, at the rate per annum specified in Section 1.9 hereof.

Section 2.3. Rate Determinations. The Agent shall determine each interest rate applicable to the Loans hereunder in accordance herewith, and its determination thereof shall be deemed *prima facie* correct. In connection with the use or administration of Term SOFR, the Agent 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 Agent will promptly notify the Company and the Lenders of the effectiveness of any Conforming Changes in connection with the use or administration of Term SOFR.

Section 2.4. Computation of Interest, Fees and Charges. All interest on Base Rate Loans when the Base Rate is not based on Term SOFR shall be computed on the basis of a year of 365 or 366 days, as the case may be, for the actual number of days elapsed. All interest on SOFR Loans, Swing Loans bearing interest at the Quoted Rate, and Base Rate Loans based on Term SOFR (and unless otherwise stated herein, all fees, charges and commissions due hereunder) shall be computed on the basis of a year of 360 days for the actual number of days elapsed, except for SOFR Loans denominated in Pounds Sterling which shall be computed on the basis of a year of 365 or 366 days, as the case may be.

Section 2.5. Funding Indemnity. If any Lender shall incur any loss (other than loss of profits), cost or expense (including, without limitation, any loss, cost or expense incurred by reason of the liquidation or re-employment of deposits or other funds acquired by such Lender to

fund or maintain any SOFR Loan or Swing Loan bearing interest with respect to SOFR or the relending or reinvesting of such deposits or amounts paid or prepaid to such Lender) as a result of:

- (i) any payment or prepayment of a SOFR Loan or Swing Loan bearing interest with respect to SOFR (other than any payment pursuant to Section 1.8(d)) on a date other than the last day of its Interest Period for any reason;
- (ii) any failure (because of a failure to meet the conditions of Borrowing or otherwise) by a Borrower to borrow or continue a SOFR Loan or Swing Loan bearing interest with respect to SOFR (other than any payment pursuant to Section 1.8(d)), or to convert a Base Rate Loan into a SOFR Loan or such Swing Loan, in each case on the date specified in a notice given pursuant to this Agreement;
- (iii) any failure by a Borrower to make any payment of principal on any SOFR Loan or Swing Loan bearing interest with respect to SOFR when due (whether by acceleration or otherwise);
- (iv) any acceleration of the maturity of a SOFR Loan or Swing Loan bearing interest with respect to SOFR as a result of the occurrence of any Event of Default hereunder, or
- (v) any assignment of a SOFR Loan other than on the last day of the Interest Period applicable thereto as a result of the request of the Company pursuant to Section 2.10 hereof;

then, upon the demand of such Lender, the applicable Borrower shall pay to such Lender such amount as will reimburse such Lender for such loss, cost or expense. If any Lender makes such a claim for compensation, it shall provide to the Company, with a copy to the Agent, a certificate executed by an officer of such Lender setting forth the amount of such loss, cost or expense in reasonable detail (including an explanation of the basis for and the computation of such loss, cost or expense) and the amounts shown on such certificate shall be deemed *prima facie* correct.

Section 2.6. Change of Law. Notwithstanding any other provisions of this Agreement or any other Loan Document, if any Change in Law makes it unlawful for any Lender to make or continue to maintain Loans in an Alternative Currency or SOFR Loans or to perform its obligations with respect to such Loans, such Lender shall promptly give notice thereof to the Company and such Lender's obligations to make or maintain SOFR Loans or Loans in an Alternative Currency (as applicable) under this Agreement shall be suspended until it is no longer unlawful for such Lender to make or maintain such Loans. The applicable Borrower shall prepay on demand the outstanding principal amount of any such affected Loans, together with all interest accrued thereon and all other amounts then due and payable to such Lender under this Agreement; *provided, however,* subject to all of the terms and conditions of this Agreement, the applicable Borrower may then elect to borrow the principal amount of the affected Loans (other than Loans denominated in an Alternative Currency) from such Lender by means of Base Rate Loans from such Lender, which Base Rate Loans shall not be made ratably by the Lenders but only from such affected Lender.

Section 2.7. Unavailability. Subject to Section 2.13, if prior to the commencement of any Interest Period for any Borrowing of SOFR Loans:

(a) the Agent determines (which determination shall be conclusive and binding absent manifest error) that "Term SOFR" cannot be determined pursuant to the definition thereof, or

(b) the Required Lenders reasonably determine that in connection with any request for a SOFR Loan or a conversion thereto or a continuation thereof that Term SOFR for any requested Interest Period with respect to a proposed SOFR Loan does not adequately and fairly reflect the cost to such Lenders of funding such Loan, and the Required Lenders have provided notice of such determination to the Agent,

then the Agent will promptly so notify the Company and each Lender. Upon notice thereof by the Agent to the Company, any obligation of the Lenders to make or continue SOFR Loans shall be suspended (to the extent of the affected SOFR Loans and, in the case of a SOFR Loan, the affected Interest Periods) until the Agent revokes such notice. Upon receipt of such notice, (i) the Borrowers may revoke any pending request for a borrowing of, conversion to or continuation of SOFR Loans (to the extent of the affected SOFR Loans and, in the case of a SOFR Loan, the affected Interest Periods) or, failing that, the Borrowers 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 (ii) any outstanding affected SOFR Loans will be deemed to have been converted into Base Rate Loans at the end of the applicable Interest Period to the extent that the Agent has not revoked such notice at such time. Upon any such conversion, the Borrowers shall pay any additional amounts required pursuant to Section 2.5.

Section 2.8. Increased Cost.

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

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

(ii) subject any Recipient to any Taxes (other than (A) Indemnified Taxes, (B) Taxes described in clauses (b) through (d) of the definition of Excluded Taxes and (C) Connection Income Taxes) on its loans, loan principal, letters of credit, commitments, or other obligations, or its deposits, reserves, other liabilities or capital attributable thereto; or

(iii) impose on any Lender or any Issuer or the London interbank market any other condition, cost or expense (other than Taxes) affecting this Agreement or Loans made by such Lender or any Letter of Credit or participation therein;

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

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

(c) *Certificates for Reimbursement.* A certificate of a Lender or Issuer setting forth in reasonable detail the amount or amounts necessary to compensate such Lender or Issuer or its holding company, as the case may be, as specified in subsection (a) or (b) of this Section and delivered to the Company, shall be conclusive absent manifest error. The Borrowers shall pay such Lender or Issuer, as the case may be, the amount shown as due on any such certificate within fifteen (15) days after receipt thereof.

(d) *Delay in Requests.* Failure or delay on the part of any Lender or Issuer to demand compensation pursuant to this Section shall not constitute a waiver of such Lender's or Issuer's right to demand such compensation; *provided* that the Borrowers shall not be required to compensate a Lender or Issuer pursuant to this Section 2.8 for any increased costs incurred or reductions suffered more than six (6) months prior to the date that such Lender or Issuer, as the case may be, notifies the Company of the Change in Law giving rise to such increased costs or reductions, and of such Lender's or Issuer's intention to claim compensation therefor (except that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the six-month period referred to above shall be extended to include the period of retroactive effect thereof).

Section 2.9. Lending Offices; Mitigation Obligations. Each Lender may, at its option, elect to make its Loans hereunder at the branch, office or affiliate specified in its Administrative Questionnaire (each a “*Lending Office*”) for each type of Loan available hereunder or at such other of its branches, offices or affiliates as it may from time to time elect and designate in a written notice to the Company and the Agent (but such funds shall in any event be made available to the Company in accordance with Section 1.4(d) hereof); *provided* that the Company shall not be required to reimburse any Lender under any of the provisions of this Section 2 for any cost which such Lender would not have incurred but for changing its Lending Office unless the Company consented in writing to such change or has requested the change pursuant to this Section 2.9. If any Lender requests compensation under Section 2.8, requires the Borrowers to pay any Indemnified Taxes or additional amounts to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 11.1, or gives a notice pursuant to Section 2.6, then such Lender shall (at the request of the Company) use reasonable efforts to designate a different lending office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the judgment of such Lender, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 2.8 or 11.1, as the case may be, in the future, or eliminate the need for notice pursuant to Section 2.6, and (ii) would not subject such Lender to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender. The Borrowers hereby agree to pay all reasonable costs and expenses incurred by any Lender in connection with any such designation or assignment.

Section 2.10. Replacement of Lenders. If any Lender requests compensation under Section 2.8, if any Borrower is required to pay any Indemnified Taxes or additional amounts to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 11.1, or if any Borrower receives notice from any Lender of any illegality pursuant to Section 2.6 hereof for reasons not generally applicable to the other Lenders, and, in each case, such Lender has declined or is unable to designate a different lending office in accordance with Section 2.9, or if any Lender is a Defaulting Lender or a Non-Consenting Lender, then the Borrowers may, at their sole expense and effort, upon notice to such Lender and the Agent, require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in, and consents required by, Section 11.17), all of its interests, rights (other than its existing rights to payments pursuant to Section 2.8 or Section 11.1) and obligations under this Agreement and the related Loan Documents to an Eligible Assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment); *provided* that:

- (i) the Borrowers shall have paid to the Agent the assignment fee (if any) specified in Section 11.17;
- (ii) such Lender shall have received payment of an amount equal to the outstanding principal of its Loans and funded participations in L/C Obligations, accrued interest thereon, accrued fees and all other amounts payable to it hereunder and under the other Loan Documents (including any amounts under Section 2.5 as if the Loans owing to it were prepaid rather than assigned) from the assignee (to the extent of such

outstanding principal and accrued interest and fees) or the Borrowers (in the case of all other amounts);

(iii) in the case of any such assignment resulting from a claim for compensation under Section 2.8 or payments required to be made pursuant to Section 11.1, such assignment will result in a reduction in such compensation or payments thereafter;

(iv) such assignment does not conflict with applicable law; and

(v) in the case of any assignment resulting from a Lender becoming a Non-Consenting Lender, the applicable assignee shall have consented to the applicable amendment, waiver or consent.

A Lender shall not be required to make any such assignment or delegation if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling the Borrowers to require such assignment and delegation cease to apply.

Section 2.11. Defaulting Lenders.

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

(i) *Waivers and Amendments.* Such Defaulting Lender's right to approve or disapprove any amendment, waiver or consent with respect to this Agreement shall be restricted as set forth in the definition of Required Lenders.

(ii) *Defaulting Lender Waterfall.* Any payment of principal, interest, fees or other amounts received by the Agent for the account of such Defaulting Lender (whether voluntary or mandatory, at maturity, pursuant to Section 8 or otherwise) or received by the Agent from a Defaulting Lender pursuant to Section 11.27 hereto shall be applied at such time or times as may be determined by the Agent as follows: *first*, to the payment of any amounts owing by such Defaulting Lender to the Agent hereunder; *second*, to the payment on a pro rata basis of any amounts owing by such Defaulting Lender to any Issuer or the Swing Line Lender hereunder; *third*, to Cash Collateralize such Issuer's Fronting Exposure with respect to such Defaulting Lender in accordance with Section 2.12; *fourth*, as the Company may request (so long as no Default or Event of Default exists), to the funding of any Loan in respect of which such Defaulting Lender has failed to fund its portion thereof as required by this Agreement, as determined by the Agent; *fifth*, if so determined by the Agent and the Company, to be held in a deposit account and released pro rata in order to (x) satisfy such Defaulting Lender's potential future funding obligations with respect to Loans under this Agreement and (y) Cash Collateralize the Issuers' future Fronting Exposure with respect to such Defaulting Lender with respect to future Letters of Credit issued under this Agreement, in accordance with Section 2.12; *sixth*, to the payment of any amounts owing to the Lenders, the Issuers or the Swing Line Lender as a result of any judgment of a court of competent jurisdiction obtained by any Lender, any Issuer or the Swing Line Lender against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under

this Agreement; *seventh*, so long as no Default or Event of Default exists, to the payment of any amounts owing to a Borrower as a result of any judgment of a court of competent jurisdiction obtained by such Borrower against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement; and *eighth*, to such Defaulting Lender or as otherwise directed by a court of competent jurisdiction; *provided* that if (x) such payment is a payment of the principal amount of any Loans or L/C Obligations in respect of which such Defaulting Lender has not fully funded its appropriate share, and (y) such Loans were made or the related Letters of Credit were issued at a time when the conditions set forth in Section 6.1 were satisfied or waived, such payment shall be applied solely to pay the Loans of, and L/C Obligations owed to, all Non-Defaulting Lenders on a pro rata basis prior to being applied to the payment of any Loans of, or L/C Obligations owed to, such Defaulting Lender until such time as all Loans and funded and unfunded participations in L/C Obligations and Swing Loans are held by the Lenders pro rata in accordance with their Percentages of the relevant Commitments without giving effect to Section 2.11(a)(iv) below. Any payments, prepayments or other amounts paid or payable to a Defaulting Lender that are applied (or held) to pay amounts owed by a Defaulting Lender or to post Cash Collateral pursuant to this Section 2.11(a)(ii) shall be deemed paid to and redirected by such Defaulting Lender, and each Lender irrevocably consents hereto.

(iii) *Certain Fees.*

(A) No Defaulting Lender shall be entitled to receive any commitment fee for any period during which that Lender is a Defaulting Lender (and the Borrowers shall not be required to pay any such fee that otherwise would have been required to have been paid to that Defaulting Lender).

(B) Each Defaulting Lender shall be entitled to receive L/C Participation Fees for any period during which that Lender is a Defaulting Lender only to the extent allocable to its Percentage of the stated amount of Letters of Credit for which it has provided Cash Collateral pursuant to Section 2.12.

(C) With respect to any L/C Participation Fee not required to be paid to any Defaulting Lender pursuant to clause (B) above, the Borrowers shall (x) pay to each Non-Defaulting Lender that portion of any such fee otherwise payable to such Defaulting Lender with respect to such Defaulting Lender's participation in L/C Obligations or Swing Loans that has been reallocated to such Non-Defaulting Lender pursuant to clause (iv) below, (y) pay to each Issuer and Swing Line Lender, as applicable, the amount of any such fee otherwise payable to such Defaulting Lender to the extent allocable to such Issuer's or Swing Line Lender's Fronting Exposure to such Defaulting Lender, and (z) not be required to pay the remaining amount of any such fee.

(iv) *Reallocation of Participations to Reduce Fronting Exposure.* All or any part of such Defaulting Lender's participation in L/C Obligations and Swing Loans shall be reallocated among the Non-Defaulting Lenders in accordance with their respective Percentages of the relevant Commitments (calculated without regard to such Defaulting

Lender's Commitments) but only to the extent that (x) the conditions set forth in Section 6.1 are satisfied at the time of such reallocation (and, unless the Borrowers shall have otherwise notified the Agent at such time, the Borrowers shall be deemed to have represented and warranted that such conditions are satisfied at such time), and (y) such reallocation does not cause the aggregate Revolving Loans and interests in L/C Obligations and Swing Loans of any Non-Defaulting Lender to exceed such Non-Defaulting Lender's Aggregate Revolving Commitment. Subject to Section 11.31 hereof, no reallocation hereunder shall constitute a waiver or release of any claim of any party hereunder against a Defaulting Lender arising from that Lender having become a Defaulting Lender, including any claim of a Non-Defaulting Lender as a result of such Non-Defaulting Lender's increased exposure following such reallocation.

(v) *Cash Collateral; Repayment of Swing Loans.* If the reallocation described in clause (iv) above cannot, or can only partially, be effected, the Borrowers shall, without prejudice to any right or remedy available to them hereunder or under law, (x) first, prepay Swing Loans in an amount equal to the Swing Line Lender's Fronting Exposure and (y) second, Cash Collateralize the Applicable Issuer's Fronting Exposure in accordance with the procedures set forth in Section 2.12.

(b) *Defaulting Lender Cure.* If the Company, the Agent, the Swing Line Lender and each Issuer agree in writing that a Lender is no longer a Defaulting Lender, the Agent will so notify the parties hereto, whereupon as of the effective date specified in such notice and subject to any conditions set forth therein (which may include arrangements with respect to any Cash Collateral), that Lender will, to the extent applicable, purchase at par that portion of outstanding Loans of the other Lenders or take such other actions as the Agent may determine to be necessary to cause the Loans and funded and unfunded participations in Letters of Credit and Swing Loans to be held pro rata by the Lenders in accordance with their respective Percentages of the relevant Commitments (without giving effect to Section 2.11(a)(iv)), whereupon such Lender will cease to be a Defaulting Lender; *provided* that no adjustments will be made retroactively with respect to fees accrued or payments made by or on behalf of the Borrower while that Lender was a Defaulting Lender; and *provided, further*, that except to the extent otherwise expressly agreed by the affected parties, no change hereunder from Defaulting Lender to Lender will constitute a waiver or release of any claim of any party hereunder arising from that Lender's having been a Defaulting Lender.

(c) *New Swing Loans/Letters of Credit.* So long as any Lender is a Defaulting Lender, (i) the Swing Line Lender shall not be required to fund any Swing Loans unless it is satisfied that it will have no Fronting Exposure after giving effect to such Swing Loan and (ii) no Issuer shall be required to issue, extend, renew or increase any Letter of Credit unless it is satisfied that it will have no Fronting Exposure after giving effect thereto.

Section 2.12. Cash Collateral for Fronting Exposure. At any time that there shall exist a Defaulting Lender, within one (1) Business Day following the written request of the Agent or any Issuer (with a copy to the Agent) the Borrowers shall Cash Collateralize the Issuers' Fronting Exposure with respect to such Defaulting Lender (determined after giving effect to Section 2.12(a)(iv) and any Cash Collateral provided by such Defaulting Lender) in an amount not less than 102% of such Fronting Exposure.

(a) *Grant of Security Interest.* The Borrowers, and to the extent provided by any Defaulting Lender, such Defaulting Lender, hereby grant to the Agent, for the benefit of the Issuers, and agree to maintain, a first priority security interest in all such Cash Collateral as security for such Defaulting Lender's obligation to fund participations in respect of L/C Obligations, to be applied pursuant to clause (b) below. If at any time the Agent determines that Cash Collateral is subject to any right or claim of any Person other than the Agent and the Issuers as herein provided, or that the total amount of such Cash Collateral is less than 102% of the Fronting Exposure, the Borrowers shall, promptly upon demand by the Agent, pay or provide to the Agent additional Cash Collateral in an amount sufficient to eliminate such deficiency (after giving effect to any Cash Collateral provided by the Defaulting Lender).

(b) *Application.* Notwithstanding anything to the contrary contained in this Agreement, Cash Collateral provided under this Section 2.12 or Section 2.11 in respect of Letters of Credit shall be applied to the satisfaction of the Defaulting Lender's obligation to fund participations in respect of L/C Obligations (including, as to Cash Collateral provided by a Defaulting Lender, any interest accrued on such obligation) for which the Cash Collateral was so provided, prior to any other application of such property as may otherwise be provided for herein.

(c) *Termination of Requirement.* Cash Collateral (or the appropriate portion thereof) provided to reduce any Issuer's Fronting Exposure shall no longer be required to be held as Cash Collateral pursuant to this Section 2.12(c) following (i) the elimination of the applicable Fronting Exposure (including by the termination of Defaulting Lender status of the applicable Lender), or (ii) the determination by the Agent and each Issuer that there exists excess Cash Collateral; *provided* that, subject to Section 2.12, the Person providing Cash Collateral and each Issuer may agree that Cash Collateral shall be held to support future anticipated Fronting Exposure or other obligations; and *provided further* that to the extent that such Cash Collateral was provided by any Loan Party, such Cash Collateral shall remain subject to the security interest granted pursuant to the Loan Documents.

Section 2.13. Effect of Benchmark Transition Event. Notwithstanding anything to the contrary herein or in any other Loan Document (and any Interest Rate Protection and Other Hedging Agreement shall be deemed not to be a "Loan Document" for the purposes of this Section 2.13):

(a) *Benchmark Replacement.* Notwithstanding anything to the contrary herein or in any other Loan Document, if a Benchmark Transition Event and its related Benchmark Replacement Date have occurred prior any setting of the then-current Benchmark, then such Benchmark Replacement will replace such Benchmark for all purposes hereunder and under any Loan Document in respect of any Benchmark setting at or after 5:00 p.m. (New York City time) on the fifth (5th) Business Day after the date notice of such Benchmark Replacement is provided to the Lenders without any amendment to, or further action or consent of any other party to, this Agreement or any other Loan Document so long as the Agent has not received, by such time, written notice of objection to such Benchmark Replacement from Lenders comprising the Required Lenders (or, in the case of a Benchmark affecting fewer than all of the Facilities, the Required Facility Lenders for the applicable Facility or Facilities (voting together as one Facility) in lieu of the Required Lenders).

(b) *Benchmark Replacement Conforming Changes.* In connection with the use, administration, adoption or implementation of a Benchmark Replacement, the Agent 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.

(c) *Notices; Standards for Decisions and Determinations.* The Agent will promptly notify the Company and the Lenders of (i) the occurrence of a Benchmark Transition Event, (ii) the implementation of any Benchmark Replacement and (iii) the effectiveness of any Conforming Changes in connection with the use, administration, adoption or implementation of a Benchmark Replacement. The Agent will promptly notify the Company of (x) the removal or reinstatement of any tenor of a Benchmark pursuant to Section 2.13 and (y) the commencement or conclusion of any Benchmark Unavailability Period. Any determination, decision or election that may be made by the Agent or, if applicable, any Lender (or group of Lenders) pursuant to this Section 2.13, including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection, will be conclusive and binding absent manifest error and may be made in its or their sole discretion and without consent from any other party to this Agreement or any other Loan Document, except, in each case, as expressly required pursuant to this Section 2.13.

(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 the 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 Agent in its reasonable discretion or (B) the administration of such Benchmark or the regulatory supervisor for the administrator of such Benchmark has provided a public statement or publication of information announcing that any tenor for such Benchmark is not or will not be representative, then the Agent may modify the definition of "Interest Period" (or any similar or analogous definition) for any Benchmark settings at or after such time to remove such unavailable, non-representative, non-compliant or non-aligned tenor, (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 or will not be representative for a Benchmark (including a Benchmark Replacement), then the Agent and the Company may agree to 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 and (iii) if a new tenor for such Benchmark (including a Benchmark Replacement) is displayed on a screen or other information service selected by the Agent in its reasonable discretion, then the Agent and the Company may agree to modify the definition of "Interest Period" (or any similar or analogous definition) for all Benchmark settings at or after such time to add such new tenor.

(e) Upon the Borrowers' receipt of notice of the commencement of a Benchmark Unavailability Period, the Borrowers may revoke any pending request for a SOFR Borrowing of,

conversion to or continuation of SOFR Loans to be made, converted or continued during any Benchmark Unavailability Period and, failing that, the Borrowers will be deemed to have converted any such request into a request for a Borrowing of or conversion to Base Rate Loans. During a Benchmark Unavailability Period or at any time that a tenor for the then-current Benchmark is not an Available Tenor, the component of Base Rate based upon the then-current Benchmark or such tenor for such Benchmark, as applicable, will not be used in any determination of Base Rate.

Section 3. Fees, Payments, Reductions, Applications and Notations.

Section 3.1. Commitment Fee. For the period from the Closing Date to and including the Revolving Credit Termination Date, the Borrowers shall pay to the Agent for the account of the Lenders a non-refundable commitment fee at the rate per annum equal to the Applicable Margin (computed on the basis of a year of 360 days and actual days elapsed) on the average daily Unused Commitments. Such fee is due and payable in arrears on the last day of each calendar quarter (commencing with the first of such dates after the date hereof) and on the Revolving Credit Termination Date.

Section 3.2. Other Fees. The Company shall pay to the Agent such other and additional fees as may from time to time be agreed to between the Company and the Agent.

Section 3.3. Letter of Credit Fees. The applicable Borrowers shall pay to the Agent, for the ratable account of the relevant Lenders, a fee on the amount of the L/C Obligations from time to time outstanding (the "L/C Participation Fee") computed at the Applicable Margin (computed on the basis of a year of 360 days and actual days elapsed), each such fee to be due and payable quarterly in arrears on the last day of each calendar quarter and on the Revolving Credit Termination Date. In addition, on the date of issuance of each Letter of Credit the applicable Borrower shall pay the Applicable Issuer for its own account an issuance fee of 1/8 of 1% of the face amount of such Letter of Credit, such fee to be retained by the Applicable Issuer for its own account. In addition, the applicable Borrower shall pay to the Applicable Issuer such issuing, processing, drawing, amendment and other fees and charges as the Applicable Issuer customarily imposes in connection with the issuance of letters of credit of the type in question, the payment of drafts thereunder or amendments thereto.

Section 3.4. Voluntary Prepayments. The Borrowers shall have the privilege of prepaying without premium or penalty (except as set forth in Section 2.5 above) and in whole or in part (but, if in part, then: (i) in an amount not less than \$2,000,000, or such lesser amount as may then be outstanding, and (ii) in each case, in an amount such that the minimum amount required for a Borrowing pursuant to Section 1.5 hereof remains outstanding) any Borrowing of SOFR Loans at any time upon three (3) Business Days prior notice by the Company to the Agent or, in the case of a Borrowing of Base Rate Loans or Swing Loans, notice delivered by the Company to the Agent no later than 12:00 Noon (Chicago time) on the date of prepayment, such prepayment to be made by the payment of the principal amount to be prepaid and, in the case of any SOFR Loans or Swing Loans, accrued interest thereon to the date fixed for prepayment plus any amounts due the Lenders under Section 2.5 hereof. Prepayments of the Loans shall be applied to the outstanding Obligations in accordance with Section 3.5(c) hereof.

Section 3.5. Mandatory Prepayments .

(a) *Commitments.* In the event that (i) the Revolving Credit Exposure for all Lenders shall at any time and for any reason exceed the Aggregate Revolving Commitments; (ii) the U.S. Revolving Credit Exposure for all Lenders shall at any time exceed an amount equal to (A) the U.S. Dollar Commitments *minus* (B) the U.S. Dollar Equivalent of the aggregate principal amount of Multicurrency Revolving Loans; (iii) the U.S. Dollar Equivalent of the aggregate amount of Multicurrency Revolving Loans shall exceed an amount equal to (A) the Multicurrency Commitments *minus* (B) the U.S. Revolving Credit Exposure for all Lenders outstanding at such time; or (iv) the aggregate amount of Revolving Loans, Swing Loans and/or L/C Obligations owing from the Borrowers shall exceed any applicable Sublimit, in each case for any reason (including changes in currency rates), the relevant Borrowers shall immediately and without notice or demand pay the amount of the excess to the Agent as and for a mandatory prepayment on the relevant Revolving Loans or, if the Revolving Loans have been paid in full but L/C Obligations are outstanding, then and in any such event, such excess shall be paid over to the Agent to be applied against, or held as Cash Collateral with respect to such L/C Obligations.

(b) The Borrowers shall, on each date the U.S. Dollar Commitments are reduced pursuant to Section 3.6, prepay the U.S. Revolving Loans, Swing Loans, and, if necessary, prefund the L/C Obligations by the amount, if any, necessary to reduce the sum of the U.S. Revolving Credit Exposure for all Lenders then outstanding to the amount to which the U.S. Dollar Commitments have been so reduced. The Borrowers shall, on each date the Multicurrency Commitments are reduced pursuant to Section 3.6, prepay the Multicurrency Revolving Loans by the amount, if any, necessary to reduce the sum of the aggregate principal amount of Multicurrency Revolving Loans then outstanding to the amount to which the Multicurrency Commitments have been so reduced.

(c) Unless the Company otherwise directs, prepayments of Loans under Section 3.4 and this Section 3.5 shall be applied first to Borrowings of Base Rate Loans until payment in full thereof with any balance applied to Borrowings of SOFR Loans in the order in which their Interest Periods expire.

Section 3.6. Commitment Terminations.

(a) *Voluntary Terminations.* The Borrowers shall have the right at any time and from time to time, upon five (5) Business Days prior written notice to the Agent (or such shorter period of time agreed to by the Agent), to terminate the Aggregate Revolving Commitments without premium or penalty and in whole or in part, any partial termination to be in an amount not less than \$5,000,000, *provided* that the Aggregate Revolving Commitments may not be reduced to an amount less than the sum of the Revolving Credit Exposure for all Lenders then outstanding. Any termination of the Aggregate Revolving Commitments below any Sublimit then in effect shall reduce such Sublimit by a like amount. The Agent shall give prompt notice to each Lender of any such termination of the Aggregate Revolving Commitments.

(b) If a portion of the Aggregate Revolving Commitments are terminated in accordance with this Section 3.6, the U.S. Dollar Commitment and the Multicurrency Commitment shall also

terminate by an amount determined by multiplying the amount of the termination of the Aggregate Revolving Commitments by the percentage of the U.S. Dollar Commitment or Multicurrency Commitment, as applicable, to the Aggregate Revolving Commitments in effect immediately prior to such termination; provided that with respect to any voluntary terminations pursuant to clause (a) above, (i) the U.S. Dollar Commitments may not be reduced to an amount less than the sum of the U.S. Revolving Credit Exposure for all Lenders then outstanding, and (ii) the Multicurrency Commitments may not be reduced to an amount less than the aggregate principal amount of all Multicurrency Revolving Loans outstanding. Any termination of the Aggregate Revolving Commitments, U.S. Dollar Commitments or the Multicurrency Commitments shall be allocated ratably among the Lenders in proportion to their respective Revolver Percentage, U.S. Revolver Percentage and Multicurrency Revolver Percentage, as the case may be.

Section 3.7. Place and Application. All payments of principal, interest and fees shall be made to the Agent at its office at 320 South Canal Street, Chicago, Illinois (or at such other place as the Agent may specify) in immediately available and freely transferable funds at the place of payment by no later than 12:00 Noon Central Time on the due date thereof or, if such payment is to be made in an Alternative Currency, by no later than 12:00 Noon local time at the place of payment to such office as the Agent has previously specified; *provided however* that reimbursements of drawings under Letters of Credit shall be made to the Applicable Issuer. Any payments received by the Agent or such Applicable Issuer after such time shall be deemed received as of the opening of business on the next Business Day. All such payments shall be made (i) in U.S. Dollars, in immediately available funds at the place of payment, or (ii) in the case of Multicurrency Revolving Loans or reimbursement of drawings under a Letter of Credit in an Alternative Currency, in such Alternative Currency then customary for settlement of international transactions in such currency. All such payments shall be made without set-off or counterclaim and without reduction for, and free from, any and all present or future taxes, levies, imposts, duties, fees, charges, deductions, withholdings, restrictions or conditions of any nature imposed by any Government Authority thereof. Except as herein provided, all payments shall be received for the ratable account of the Lenders and shall be distributed by the Agent to the Lenders in accordance with their Percentages on the date the Agent receives payment, or if the Agent receives payment later than 12:00 Noon Central Time, then no later than the next Business Day. Unless the Agent shall have received notice from the Company prior to the date on which any payment is due to the Agent for the account of the Lenders or the Issuers hereunder that the applicable Borrower will not make such payment, the Agent may assume that such Borrower has made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to the Lenders or the Issuers, as the case may be, the amount due. In such event, if such Borrower has not in fact made such payment, then each of the Lenders or the Issuers, as the case may be, severally agrees to repay to the Agent forthwith on demand the amount so distributed to such Lender or Issuer, with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the Agent, at a rate per annum equal to: (i) from the date the distribution was made to the date two (2) Business Days after payment by such Lender is due hereunder, at the greater of the Federal Funds Rate and a rate determined by the Agent in accordance with banking industry rules on interbank compensation for each such day and (ii) from the date two (2) Business Days after the

date such payment is due from such Lender to the date such payment is made by such Lender, the Base Rate in effect for each such day.

Unless the Agent shall have received notice from the Company prior to the date on which any payment is due to the Agent for the account of the Lenders or any Issuer hereunder that the applicable Borrower will not make such payment, the Agent may assume that Borrower has made such payment on such date in accordance herewith and may (but shall not be required to) in reliance upon such assumption, distribute to the applicable Lenders or the L/C Issuer, as the case may be, the amount due. With respect to any payment that the Agent makes to any Lender or Issuer as to which the Agent determines (in its sole and absolute discretion) that any of the following applies (such payment referred to as the "Rescindable Amount"): (1) the applicable Borrower has not in fact made the corresponding payment to the Agent; (2) the Agent has made a payment in excess of the amount(s) received by it from the applicable Borrower either individually or in the aggregate (whether or not then owed); or (3) the Agent has for any reason otherwise erroneously made such payment; then each Lender and Issuer severally agrees to repay to the Agent forthwith on demand the Rescindable Amount so distributed to such Lender or Issuer, in immediately available funds with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the Agent, at the greater of the Federal Funds Rate and a rate determined by the Agent in accordance with banking industry rules on interbank compensation.

Anything contained herein to the contrary or in the other Loan Documents notwithstanding, all payments and collections received in respect of the Obligations and all proceeds of the Collateral, if any, and payments made under or in respect of the Guaranty Agreements received, in each instance, by the Agent or any of the Lenders after acceleration or the final maturity of the Obligations or termination of the Lender's Commitment to extend credit hereunder as a result of an Event of Default shall be remitted to the Agent and distributed as follows:

- (a) first, to the payment of any outstanding reasonable costs and expenses incurred by the Agent in monitoring, verifying, protecting, preserving or enforcing the Liens on the Collateral, if any, or by the Agent in protecting, preserving or enforcing rights under the Loan Documents, and in any event all costs and expenses of a character which the Borrowers have agreed to pay under Section 11.5 hereof (such funds to be retained by the Agent for its own account unless the Agent has previously been reimbursed for such costs and expenses by the Lenders, in which event such amounts shall be remitted to the Lenders to reimburse them for payments theretofore made to the Agent);
- (b) second, to the payment of principal and interest on the Swing Loans until paid in full;
- (c) third, to the payment of any outstanding interest or other fees or amounts due under the Loan Documents, in each case other than for principal or in reimbursement or Cash Collateralization of L/C Obligations, ratably as among the Agent and the Lenders in accordance with the amount of such interest and other fees or amounts owing each;

(d) fourth, to the payment of the principal of the Loans and any unpaid Reimbursement Obligations and to the Agent to be held as Cash Collateral for any other L/C Obligations (until the Agent is holding an amount of cash equal to the then outstanding amount of all such L/C Obligations), for any principal amounts owing to the Lenders under Section 11.20 hereof, and Hedging Liability, the aggregate amount paid to or held as Cash Collateral for the Lenders and, in the case of Hedging Liability, their Affiliates, to be allocated pro rata in accordance with the then aggregate unpaid amounts owing to each holder thereof;

(e) fifth, to the Agent and the Lenders ratably in accordance with the amounts of any other indebtedness, obligations or liabilities of the Borrowers owing to each of them unless and until all such indebtedness, obligations and liabilities have been fully paid and satisfied; and

(f) sixth, to the Company on behalf of the Borrowers (each Borrower hereby agreeing that its recourse for its share of such payment shall be to the Company and not the Agent or any Lender) or whoever else may be lawfully entitled thereto.

Excluded Swap Obligations with respect to any Guarantor shall not be paid with amounts received from such Guarantor or its assets, but appropriate adjustments shall be made with respect to payments from the Borrowers and the other Guarantors to preserve the allocations to the Obligations and Hedging Liability otherwise set forth above in this Section 3.7.

Section 3.8. Evidence of Indebtedness. (a) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of the Borrowers to such Lender resulting from each Loan made by such Lender from time to time, including the amounts of principal and interest payable and paid to such Lender from time to time hereunder.

(b) The Agent shall also maintain accounts in which it will record (i) the amount of each Loan made hereunder, the type thereof, the Interest Period with respect thereto, and the currency in which such Loan is denominated, (ii) the amount of any principal or interest due and payable or to become due and payable from the Borrowers to each Lender hereunder, and (iii) the amount of any sum received by the Agent hereunder from the Borrowers and each Lender's share thereof.

(c) Subject to the provisions of Section 11.17(c), the entries maintained in the accounts maintained pursuant to paragraphs (a) and (b) above shall be *prima facie* evidence of the existence and amounts of the Obligations therein recorded; *provided, however*, that the failure of the Agent or any Lender to maintain such accounts or any error therein shall not in any manner affect the obligation of the Borrowers to repay the Obligations in accordance with their terms.

(d) Any Lender may request that its Loans be evidenced by a promissory note or notes in the forms of Exhibit A-1 (in the case of its Revolving Loans and referred to herein as a "Revolving Credit Note"), or A-2 (in the case of its Swing Loans and referred to herein as a "Swing Note"), as applicable (the Revolving Credit Notes and Swing Note being hereinafter referred to collectively as the "Notes" and individually as a "Note"). In such event, the Borrowers shall prepare, execute and deliver to such Lender a Note payable to such Lender or its registered assigns in the amount of the Aggregate Revolving Commitment or Swing Line

Sublimit, as applicable. Thereafter, the Loans evidenced by such Note or Notes and interest thereon shall at all times (including after any assignment pursuant to Section 11.17) be represented by one or more Notes payable to the payee named therein or any assignee pursuant to Section 11.17, except to the extent that any such Lender or assignee subsequently returns any such Note for cancellation and requests that such Loans once again be evidenced as described in subsections (a) and (b) above.

Section 3.9. Payments Set Aside. To the extent that any payment by or on behalf of any Loan Party is made to the Agent, any Issuer or any Lender, or the Agent, any Issuer or any Lender exercises its right of setoff, and such payment or the proceeds of such setoff or any part thereof is subsequently invalidated, declared to be fraudulent or preferential, set aside or required (including pursuant to any settlement entered into by the Agent, such Issuer or such Lender in its discretion) to be repaid to a trustee, receiver or any other party, in connection with any proceeding under any Debtor Relief Law or otherwise, then (a) to the extent of such recovery, the obligation or part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been made or such setoff had not occurred, and (b) each Lender and each Issuer severally agrees to pay to the Agent upon demand its applicable share (without duplication) of any amount so recovered from or repaid by the Agent, plus interest thereon from the date of such demand to the date such payment is made at a rate per annum equal to the greater of the Federal Funds Rate and a rate determined by the Agent in accordance with banking industry rules on interbank compensation for each such day.

Section 4. The Collateral and the Guarantees

Section 4.1. The Collateral. Upon the Collateral Release Date, the Agent shall terminate and release all Liens securing the Obligations and Hedging Liability. Prior to the Collateral Release Date, the Obligations and Hedging Liability (i) of the U.S. Borrowers shall be secured by valid and perfected first Liens on all inventory, accounts receivable, equipment and other personal property (as further described in the Collateral Documents) of the U.S. Borrowers (other than EMCOR International Inc.) and the U.S. Subsidiaries which are Guarantors (other than EMCOR International Inc.) and, subject to the provisions of this Section 4.1, all capital stock of all Guarantors (other than EMCOR International Inc.), together with all instruments, securities, chattel paper and intangibles of the U.S. Borrowers (other than EMCOR International Inc.) and the U.S. Subsidiaries which are Guarantors (other than EMCOR International Inc.) and all proceeds of the foregoing, and (ii) of the U.K. Borrowers shall be secured by valid and perfected first Liens on all inventory, accounts receivable, equipment and personal property (as further described in the Collateral Documents) of the U.S. Borrowers, U.K. Borrowers, the U.S. Subsidiaries which are Guarantors and the U.K. Subsidiaries which are Guarantors, subject to the provisions of this Section 4.1, all capital stock of all Guarantors, together with all instruments, securities, chattel paper and intangibles of the U.S. Borrowers, the U.K. Borrowers, the U.S. Subsidiaries which are Guarantors and the U.K. Subsidiaries which are Guarantors and all proceeds of the foregoing; *provided however* that unless and until the Required Lenders otherwise elect: (x) the Borrowers and the Guarantors shall not be required to note the Agent's Lien on any certificate of title issued for a vehicle or to perfect a Lien on fixtures, and (y) no Guarantor, the fair market value of whose assets aggregate less than \$5,000,000, shall be required to grant Liens on its assets to the Agent, *further provided* that:

(i) Liens on (a) any contract (or modification thereof) (a "Contract") to which any Guarantor is a party ("Contractor"), the performance of which is guaranteed by any bond, undertaking, instrument of guarantee or any continuation, extension, alteration, renewal or substitution thereof, executed by any bonding company of a Contractor; (b) any subcontract or purchase order and against any legal entity and its bonding company which has contracted with a Contractor to furnish labor, materials, equipment, and supplies in connection with any Contract; (c) monies, Contract balances, due or to become due any Contractor on any Contract, including all monies earned or unearned which are unpaid at the time of notification by a bonding company to the obligee of the bonding company's rights under any agreement of indemnity with a Contractor; (d) any actions, causes of action, claims or demands whatsoever which a Contractor may have or acquire against any party to a Contract or arising out of or in connection with any Contract, including but not limited to those against obligees and design professionals any bonding company or bonding companies of any obligee; (e) any and all rights, title, interest in, or use of any patent, copyright or trade secret which is or may be necessary for the completion of any bonded work; (f) all monies due or to become due to a Contractor on any policy of insurance relating to any claims arising out of the performance of any Contract or to premium refunds, including, but not limited to, builders risk, fire, employee dishonesty or workers' compensation policies; (g) all supplies, tools, plants, material, inventory, and equipment (whether completely manufactured or not), wherever located, which have been or hereafter may be purchased, used, or acquired for use, entirely or partly, in connection with or to be incorporated into the matter that is the subject of any Contract; (h) all amounts that may be owing from time to time by a bonding company to a Contractor or any Guarantor in any capacity including, without limitation, any balance or share belonging to such Contractor or Guarantor or any deposit or other account with a bonding company; and (i) other assets required by bonding companies to be collateral in connection with their issuance of payment and/or performance bonds, may in each case be subject to prior Liens in favor of bonding companies to secure obligations in connection with such payment and performance bonds, in each case to the extent such bonds are permitted hereunder;

(ii) no Lien need be granted on any asset subject to a lien permitted by Section 7.11(e), (i), (l) (as to Liens on fixed assets only), (m) or (n);

(iii) no Lien need be granted on the capital stock of an Unrestricted Subsidiary or on the capital stock or assets of a corporation identified on Schedule 5.2 as a designated Foreign Subsidiary;

(iv) Liens granted shall be subject and may be subordinate to Liens permitted by Section 7.11 hereof;

(v) Liens need not be perfected by possession or control (but may be perfected by the filing of a financing statement) on (A) notes receivable having a fair value of less than \$5,000,000 in any instance and \$40,000,000 in the aggregate, (B) bonds or notes pledged to the City of New York in lieu of retainage or (C) on equity securities (other than capital stock of Restricted Subsidiaries to the extent required hereby) having a fair value of less than \$5,000,000 in any instance and \$40,000,000 in the aggregate;

(vi) no Lien need be granted on any contract, license, permit or franchise, that validly prohibits the creation, attachment, or perfection of a security interest in favor of the Agent of a security interest in such contract, license, permit or franchise (or in any rights or property obtained by such Person under such contract, license, permit or franchise);

(vii) no Lien need be granted on any rights or property to the extent that any valid and enforceable law or regulation applicable to such rights or property prohibits the creation of a security interest therein;

(viii) no Lien need be granted on any rights or property to the extent that such rights or property secure purchase money financing therefor permitted by this Credit Agreement and the agreements providing such purchase money financing prohibit the creation of a further security interest therein; and

(ix) Liens on deposit accounts, securities accounts and commodity accounts maintained by the Borrowers and the Guarantors need not be perfected by entering into a control agreement or otherwise.

The Borrowers agree that they will, and will cause the Guarantors to, from time to time at the request of the Agent or the Required Lenders execute and deliver such documents, security agreements, assignments, pledges, hypothecs or charges and do such acts and things as the Agent or the Required Lenders may reasonably request in order to provide for or perfect such Liens on the Collateral. Notwithstanding anything to the contrary contained herein or in any other Loan Document, the Collateral owned by the U.K. Subsidiaries, EMCOR International Inc. and any other CFC whose assets are included as part of the Collateral (including without limitation equity interests in other U.K. Subsidiaries) shall secure solely the indebtedness, liabilities and obligations of the U.K. Subsidiaries and any CFC hereunder and under the other Loan Documents and not the indebtedness, liabilities and obligations of the U.S. Borrowers and the U.S. Subsidiaries hereunder and under the other Loan Documents. Notwithstanding the foregoing, the portion of the capital stock of each U.K. Subsidiary, EMCOR International Inc. and any other CFC owned by the Company or a U.S. Subsidiary and constituting Collateral in excess of 65% of the total issued and outstanding capital stock of such Subsidiary (herein, the "Excess Stock Collateral") shall secure only the indebtedness, liabilities and obligations of U.K. Subsidiaries and/or any other CFC hereunder and under the other Loan Documents. In no event shall the Excess Stock Collateral secure the indebtedness, liabilities and obligations of the U.S. Borrowers or the U.S. Subsidiaries hereunder or under the other Loan Documents. Notwithstanding the foregoing, no Lien need be granted on the capital stock of a captive insurance company or captive surety company if the granting of such Lien would violate applicable law or require the consent of any applicable regulatory body.

Section 4.2. The Guarantees. The Obligations and Hedging Liability (i) of the U.S. Borrowers shall be fully guaranteed by the Company and the U.S. Subsidiaries which are Guarantors (other than EMCOR International Inc.) and (ii) of the U.K. Borrowers shall be fully guaranteed by the Company, the U.S. Subsidiaries and the U.K. Subsidiaries in each case which are Guarantors. Subject to Section 4.1 and except as otherwise required in Section 4.1, the Required Lenders may from time to time require any Restricted Subsidiary (other than any

Restricted Subsidiary (i) which is not a Wholly-Owned Subsidiary, (ii) which is a CFC but not a UK Subsidiary, (iii) which is a captive insurance company or captive surety company or (iv) which is not a Material Restricted Subsidiary) to provide a Guaranty Agreement and Liens on its assets in which event the Company shall within 30 days of request cause such Restricted Subsidiary to execute and deliver a Guaranty Agreement to the Agent together with such supporting resolutions, opinions and other showings as the Agent may reasonably require. Notwithstanding anything herein to the contrary, no Guaranty Agreement delivered by any U.K. Subsidiary or EMCOR International Inc. shall guarantee, and no U.K. Subsidiary nor EMCOR International Inc. shall be obligated to make any payment in respect of, the Obligations and Hedging Liability of the U.S. Borrower and the U.S. Subsidiaries which are Guarantors.

Section 5. Representations and Warranties.

Each Borrower represents and warrants to the Agent and the Lenders as follows:

Section 5.1. Organization and Qualification. Each Borrower is duly organized, validly existing and in good standing (or their equivalents under applicable local law) as a corporation, limited liability company or partnership under the laws of the jurisdiction in which it is incorporated or organized, as the case may be, has full and adequate power to own its Property and conduct its business as now conducted, and is duly licensed or qualified and in good standing in each jurisdiction in which the failure to be so qualified would have a Material Adverse Effect.

Section 5.2. Subsidiaries. Each Restricted Subsidiary is duly organized, validly existing and in good standing (or their equivalents under applicable local law) under the laws of the jurisdiction in which it is incorporated or organized, as the case may be, has full and adequate power to own its Property and conduct its business as now conducted, and is duly licensed or qualified and in good standing in each jurisdiction in which the failure to be so qualified or in good standing would have a Material Adverse Effect. As of the date hereof, Schedule 5.2 hereto identifies each Restricted Subsidiary, the jurisdiction of its incorporation or organization, as the case may be, the percentage of issued and outstanding shares of each class of its capital stock or other equity interests owned by the Company and the Restricted Subsidiaries. All of the outstanding shares of capital stock and other equity interests of each such Subsidiary are validly issued and outstanding and fully paid and nonassessable (except for the provisions of Section 630 of the Business Corporation Law of the State of New York, as to New York corporations) and as of the date hereof all such shares and other equity interests indicated on Schedule 5.2 as owned by the Company or a Restricted Subsidiary are as of the date hereof owned, beneficially and of record, by the Company or such Restricted Subsidiary free and clear of all Liens not permitted hereby. There are no outstanding commitments or other obligations of any Restricted Subsidiary to issue, and no options, warrants or other rights of any Person to acquire, any shares of any class of capital stock or other equity interests of any Restricted Subsidiary except in favor of the Company or a Restricted Subsidiary.

Section 5.3. Corporate Authority and Validity of Obligations. Each Borrower has full right and authority to enter into this Agreement and the other Loan Documents to which it is a party, to make the borrowings herein provided for, to grant to the Agent the Liens provided for in the Collateral Documents being executed by it, and to perform all of its obligations hereunder and under the other Loan Documents to which it is a party. Each Guarantor has full right and

authority to enter into the Loan Documents to which it is a party, to grant to the Agent the Liens provided for in the Collateral Documents executed by it and to perform all of its obligations under such Loan Documents. The Loan Documents have been duly authorized, executed and delivered by the Loan Parties and constitute valid and binding obligations of the Loan Parties enforceable in accordance with their terms except as enforceability may be limited by bankruptcy, insolvency or similar laws affecting creditors' rights generally and general principles of equity (regardless of whether the application of such principles is considered in a proceeding in equity or at law); and this Agreement and the other Loan Documents do not, nor does the performance or observance by any Loan Party of any of the matters and things herein or therein provided for, contravene or constitute a default under any provision of law or any judgment, injunction, order or decree binding upon any Loan Party or any provision of the charter, articles of incorporation or organization or by-laws of any Loan Party or any covenant, indenture or agreement of the Loan Parties or affecting any of their Properties, or result in the creation or imposition of any Lien on any Property of a Loan Party.

Section 5.4. Use of Proceeds; Margin Stock. The Borrowers shall use the proceeds of the Loans and other extensions of credit made available hereunder (i) to refinance existing indebtedness including indebtedness, obligations (other than Existing Letters of Credit) and liabilities under the Existing Credit Agreement, (ii) to support the issuance of Letters of Credit (including Existing Letters of Credit), (iii) to finance the Permitted Acquisitions, capital expenditures, and Restricted Payments permitted pursuant to Section 7.14 hereof, (iv) for their working capital and general corporate purposes, and (v) to fund certain fees and expenses incurred in connection with the closing of the transaction contemplated hereby. Neither the Borrowers nor any Subsidiary is engaged in the business of extending credit for the purpose of purchasing or carrying margin stock (within the meaning of Regulation U of the Board of Governors of the Federal Reserve System), and no part of the proceeds of any Revolving Loan or any other extension of credit made hereunder will be used to purchase or carry any such margin stock in a manner that would result in a violation of Regulation U or to extend credit to others for the purpose of purchasing or carrying any such margin stock.

Section 5.5. Financial Reports. The consolidated balance sheet of the Company and its Subsidiaries as at December 31, 2022 and the related consolidated statements of operations, cash flows and shareholders' equity of the Company and its Subsidiaries for the fiscal year then ended, and accompanying notes thereto, which consolidated financial statements are accompanied by the audit report of Ernst & Young LLP, an independent registered public accounting firm, and the unaudited interim condensed consolidated balance sheet of the Company and its Subsidiaries as at September 30, 2023 and the related interim condensed consolidated statements of operations, cash flows and shareholders' equity of the Company and its Subsidiaries for the nine (9) months then ended heretofore furnished to the Lenders, fairly present in all material respects the consolidated financial condition of the Company and its Subsidiaries as at said dates and the results of their operations and cash flows for the periods then ended in conformity with generally accepted accounting principles applied on a consistent basis, but subject, in the case of such interim condensed financial statements on the related notes thereto, to year end audit adjustments which are not expected to be material. Neither the Company nor any Restricted Subsidiary has, to the best of its knowledge, contingent liabilities which could reasonably be expected to have a Material Adverse Effect other than as indicated on

such financial statements (including the notes thereto) or, as to each reaffirmation of this sentence's representation and warranty in the future, on the most recent financial statements or the related notes thereto which are to be provided to the Lenders pursuant to Section 7.5 hereof.

Section 5.6. No Material Adverse Change. Since December 31, 2022, there has been no change in the condition (financial or otherwise) or business of the Company and its Restricted Subsidiaries which could reasonably be expected to have a Material Adverse Effect.

Section 5.7. Full Disclosure. The written statements and written information furnished by or on behalf of the Borrowers to the Agent and the Lenders through the date hereof in connection with the negotiation of this Agreement and the other Loan Documents and the commitments by the Lenders to provide all or part of the financing contemplated hereby do not, taken as a whole, contain any untrue statements of a material fact or omit a material fact necessary to make the material statements contained herein or therein not misleading in light of the circumstances in which such statements were made, the Lenders acknowledging that as to any projections furnished to the Lenders by or on behalf of the Borrowers, the Borrowers only represent that the same were prepared on the basis of information and estimates the Borrowers believed to be reasonable. On the Closing Date, the information included in the Beneficial Ownership Certification most recently delivered to the Agent and the Lenders in respect of each Borrower is true and correct in all respects.

Section 5.8. Good Title. Except to the extent heretofore disclosed on the Schedules to this Agreement or as would not reasonably be expected to result in a Material Adverse Effect, as of the date hereof the Company and the Restricted Subsidiaries have in all material respects good and marketable title to their real property and good and merchantable title to the balance of their assets as reflected on the most recent balance sheets of the Company and its Restricted Subsidiaries furnished to the Lenders (except for sales, dispositions or other transfers of assets by the Borrowers and their Restricted Subsidiaries permitted under this Agreement), subject to no Liens other than such thereof as are permitted by Section 7.11 hereof.

Section 5.9. Litigation and Other Controversies. There is no litigation or governmental proceeding or labor controversy pending, nor to the knowledge of any Borrower threatened, against any Borrower or Restricted Subsidiary which would reasonably be expected to (a) impair the validity or enforceability of, or impair the ability of any Loan Party to perform its obligations under, this Agreement or any other Loan Document or (b) have a Material Adverse Effect.

Section 5.10. Taxes. All tax returns which, to the best knowledge of the Company, are required to be filed by the Company or any Restricted Subsidiary in any jurisdiction have, in fact, been filed, and all taxes, assessments, fees and other governmental charges upon the Company or any Restricted Subsidiary or upon any of their respective Properties, income or franchises, which are shown to be due and payable in such returns, have been paid to the extent due, in each case except where the failure to do so would not cause a Material Adverse Effect. The Borrowers do not know of any material proposed additional tax assessment against them or the Restricted Subsidiaries for which adequate provision in accordance with GAAP has not been made in their respective financial statements. Adequate provisions in accordance with GAAP for taxes on the books of the Company, each other Borrower and each Restricted Subsidiary have been made for all open years, and for its current fiscal period.

Section 5.11. Approvals. No authorization, consent, license, or exemption from, or filing or registration with, any court or governmental department, agency or instrumentality, nor any approval or consent of the stockholders of the Borrowers or any other Person, is or will be necessary to the valid execution, delivery or performance by the Loan Parties of this Agreement or any other Loan Document, other than the stockholders of the Guarantors.

Section 5.12. Affiliate Transactions. No Borrower nor any Restricted Subsidiary is a party to any contract or agreement with any of its Affiliates (other than contracts and agreements between and among the Borrowers and Restricted Subsidiaries) on terms and conditions which are less favorable to such Borrower or such Restricted Subsidiary than would be usual and customary in similar contracts or agreements between Persons not affiliated with each other than any such contract or agreement which could not reasonably be expected to have a Material Adverse Effect.

Section 5.13. Investment Company. No Borrower nor any Subsidiary is an "investment company" or a company "controlled" by an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

Section 5.14. ERISA. Except to the extent heretofore disclosed in writing to the Lenders, to the best of the Company's knowledge, each Borrower and each other member of its Controlled Group has fulfilled its obligations under the minimum funding standards of and is in compliance in all material respects with ERISA and the Code to the extent applicable to it and has not incurred any material liability to the PBGC or a Plan (other than material liabilities arising in the future under a multiemployer plan as defined in Section 4001(c)(3) of ERISA which could not reasonably be expected to have a Material Adverse Effect) under Title IV of ERISA other than a material liability to the PBGC for premiums under Section 4007 of ERISA. As of the date hereof no Borrower nor any Restricted Subsidiary has any contingent liabilities with respect to any post-retirement benefits under a Welfare Plan, other than liability for continuation coverage described in Article 6 of Title I of ERISA.

Section 5.15. Compliance with Laws. Each Borrower and each Restricted Subsidiary is in compliance with the requirements of all federal, governmental (whether national, supra-national or otherwise), state, provincial and local laws, rules and regulations applicable to or pertaining to their Properties or business operations (including, without limitation, the Occupational Safety and Health Act of 1970, the Americans with Disabilities Act of 1990, and laws and regulations establishing quality criteria and standards for air, water, land and toxic or hazardous wastes and substances), except for such non-compliance with the same which could not reasonably be expected to have any Material Adverse Effect. No Borrower nor any Restricted Subsidiary has received notice to the effect that its operations are not in compliance with any of the requirements of applicable federal, governmental (whether national, supra-national or otherwise), state, provincial or local environmental, health and safety statutes and regulations or are the subject of any governmental investigation evaluating whether any remedial action is needed to respond to a release of any toxic or hazardous waste or substance into the environment, which non-compliance or remedial action could reasonably be expected to have a Material Adverse Effect.

Section 5.16. Other Agreements. No Borrower nor any Restricted Subsidiary is in default under the terms of any covenant, indenture or agreement of or affecting any Borrower, any

Restricted Subsidiary or any of their Properties, which default if uncured could reasonably be expected to have a Material Adverse Effect.

Section 5.17. No Default. No Default or Event of Default has occurred and is continuing.

Section 5.18. Solvency. Each Borrower is solvent, able to pay its debts as they become due, and has sufficient capital to carry on its business and all businesses in which it is about to engage.

Section 5.19. OFAC; Anti-Corruption Laws and Sanctions.

(a) *OFAC.* (i) Each Borrower is in compliance with the requirements of all OFAC Sanctions Programs applicable to it, (ii) each Restricted Subsidiary is in compliance with the requirements of all OFAC Sanctions Programs applicable to such Subsidiary, (iii) the Borrowers have provided to the Agent, the Issuers, and the Lenders all information requested in writing by the Agent regarding the Borrowers, their Affiliates and the Restricted Subsidiaries necessary for the Agent, the Issuer, and the Lenders to comply with all applicable OFAC Sanctions Programs, and (iv) to the best of the Company's knowledge, no Borrower or any Affiliates or Restricted Subsidiaries is, as of the date hereof, named on the current OFAC SDN List.

(b) *Anti-Corruption Laws and Sanctions.* The Company has implemented and maintains in effect policies and procedures designed to ensure compliance by the Company, its Subsidiaries and their respective directors, officers and employees with Anti-Corruption Laws, Anti-Money Laundering Laws and applicable Sanctions, and the Company, its Subsidiaries and their respective directors, officers and employees are in compliance with Anti-Corruption Laws, Anti-Money Laundering Laws and applicable Sanctions in all material respects. None of the Company, any Subsidiary or any of their respective directors, officers or employees is a Sanctioned Person or currently the subject or target of any Sanctions. No Borrowing or Letter of Credit, use of proceeds or other transaction contemplated by the Credit Agreement will violate Anti-Corruption Laws or Sanctions applicable to any party hereto.

Section 5.20. Affected Financial Institution. No Loan Party is an Affected Financial Institution.

Section 6. Conditions Precedent.

The obligation of each Lender to advance a Borrowing or of the Issuer to issue, extend the expiration date (including by not giving notice of non-renewal) of or increase the amount of any Letter of Credit under this Agreement, shall be subject to the following conditions precedent:

Section 6.1. All Credit Utilizations. The obligation of the Lenders to provide any Borrower with any Credit Utilization (including the first such Credit Utilization) shall be subject to the conditions precedent that as of the time of each such Credit Utilization:

(a) each of the representations and warranties set forth herein and in the other Loan Documents shall be and remain true and correct in all material respects (or if such representation and warranty is already qualified by materially or Material Adverse Effect, in all respects) as of said time, except to the extent the same expressly relate to an earlier date (in which case such representation and/or warranty shall be true and correct in all

material respects (or if such representation and warranty is already qualified by materially or Material Adverse Effect, in all respects) as of such earlier date);

(b) the Loan Parties shall be in compliance with all of the terms and conditions hereof and of the other Loan Documents, and no Default or Event of Default shall have occurred and be continuing or would occur as a result of such Credit Utilization;

(c) after giving effect to such Credit Utilization, (i) the Revolving Credit Exposure for all Lenders shall not exceed the Aggregate Revolving Commitments then in effect, (ii) the U.S. Revolving Credit Exposure for all Lenders shall not exceed the U.S. Dollar Commitments then in effect, (iii) the aggregate principal amount of all Multicurrency Revolving Loans shall not exceed the Multicurrency Commitments then in effect, (iv) the aggregate principal amount of the Loans made to any Borrower and of L/C Obligations in respect of Letters of Credit issued for such Borrower's account shall not exceed any applicable Sublimit, (v) the aggregate principal amount of Swing Loans outstanding to the Company shall not exceed the Swing Line Sublimit and (vi) the aggregate outstanding amount of the L/C Obligations shall not exceed the lesser of the Aggregate Revolving Commitments or the applicable L/C Sublimit;

(d) such Credit Utilization shall not violate any order, judgment or decree of any court or other authority or any provision of law or regulation applicable to the Agent or any Lender (including, without limitation, Regulation U of the Board of Governors of the Federal Reserve System) as then in effect (the Lenders acknowledging that as of the date hereof they know of none of such other than the restrictions of Regulation U);

(e) in the case of the issuance of any Letter of Credit, the Applicable Issuer shall have received a properly completed Application therefor and, in the case of an extension or increase in the amount of the Letter of Credit, the Applicable Issuer shall have received a written request therefor, in a form acceptable to the Applicable Issuer, with such Application or written request, in each case to be accompanied by the fees required by this Agreement; and

(f) in any case in which a Revolving Loan is to be made available to a Borrower to enable the acquisition of shares in a company incorporated in England and Wales, the applicable Borrower shall have complied with the provisions of Chapter VI of the Companies Act 1985 (or any statutory re-enactment of that Act) and obtained all such approvals and other matters as are required by that chapter to the satisfaction of the Agent.

Each request for a Credit Utilization hereunder shall be deemed to be a representation and warranty by the Borrowers on the date of such Credit Utilization as to the facts specified in this Section 6.1 (other than Subsection (d) or (e) above).

Section 6.2. Initial Credit Utilization for the Company. Before or concurrently with the initial Credit Utilization:

- (a) the Agent shall have received for each Lender this Agreement duly executed by the Borrowers and the Lenders;
- (b) to the extent requested by a Lender, the Agent shall have received such Lender's duly executed Notes of the Borrowers dated the date hereof and otherwise in compliance with the provisions hereof;
- (c) the Agent shall have received a reaffirmation to the Collateral Documents, in each case duly executed by the Company and the other applicable Guarantors, together with (to the extent not already on file with the Agent) (i) original stock certificates or other similar instruments or securities representing substantially all of the issued and outstanding shares of capital stock or other equity interests in the Restricted Subsidiaries (other than the Company's Subsidiary organized under the laws of the Commonwealth of Puerto Rico) as of the date hereof, (ii) stock powers for the Collateral consisting of the stock or other equity interest in each Restricted Subsidiary executed in blank and undated, (iii) UCC financing statements to be filed against the Company and each Subsidiary that is party to a Collateral Document, as debtor, in favor of the Agent, as secured party, and (iv) patent, trademark, and copyright collateral agreements, to the extent requested by the Agent;
- (d) to the extent not currently on file with the Agent, the Agent shall have received evidence of insurance required to be maintained under the Loan Documents (including endorsements), naming the Agent as additional insured and lender's loss payee with respect to policies covering insurable Property;
- (e) the Agent shall have received for each Lender copies of the Company's and each other applicable Guarantor's articles of incorporation and bylaws (or comparable organizational documents) and any amendments thereto, certified in each instance by its Secretary or Clerk or Assistant Secretary or Assistant Clerk;
- (f) the Agent shall have received for each Lender copies of resolutions of the Company's and each other applicable Guarantor's Board of Directors (or similar governing body) authorizing the execution, delivery and performance of this Agreement and the other Loan Documents to which it is a party and the consummation of the transactions contemplated hereby and thereby, together with specimen signatures of the persons authorized to execute such documents on the Company's and each applicable Guarantor's behalf, all certified in each instance by its Secretary or Clerk or Assistant Secretary or Assistant Clerk;
- (g) the Agent shall have received for each Lender copies of the certificates of good standing for the Company and each other applicable Guarantor (dated no earlier than 30 days prior to the date hereof) from the office of the secretary of the state or other applicable governmental office in its incorporation or organization;

- (h) the Agent shall have received for each Lender a list of the Company's Authorized Representatives;
- (i) the Agent shall have received for itself and for the Lenders the initial fees called for by Section 3.2 hereof;
- (j) each Lender shall have received such evaluations and certifications as it may reasonably require in order to satisfy itself as to the value of the Collateral, the financial condition of the Company and the Guarantors, and the lack of material contingent liabilities of the Company and the Guarantors;
- (k) the Agent shall have received financing statement search results against the personal Property of the Company and each applicable Guarantor evidencing the absence of Liens on their personal Property except as permitted by Section 7.11 hereof and searches (in form and substance satisfactory to the Agent) conducted at all relevant registries affecting the Company, such Guarantors or their respective personal Property and all registrations reasonably required by the Agent in respect of the Liens created under the Collateral Documents shall have been completed;
- (l) the Agent shall have received for each Lender the favorable written opinion of counsel to the Company and each applicable Guarantor, in form and substance satisfactory to the Agent;
- (m) the Agent shall have received for the account of the Lenders such other agreements, instruments, documents, certificates, and opinions as the Agent may reasonably request;
- (n) the Agent shall have received the consolidated five-year projected financial statements of the Company and its Restricted Subsidiaries;
- (o) since December 31, 2022, no material adverse change in the business, condition (financial or otherwise), operations, performance or Properties of the Company and its Restricted Subsidiaries, taken as a whole, shall have occurred; and
- (p) each of the Lenders shall have received, sufficiently in advance of the Closing Date (i) all documentation and other information requested by any such Lender required by bank regulatory authorities under applicable "know your customer" and anti-money laundering rules and regulations, including without limitation, the United States Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) and the Beneficial Ownership Regulations including, without limitation, the information described in Section 13.24 and (ii) to the extent any Borrower qualifies as a "legal entity customer" under the Beneficial Ownership Regulation, a Beneficial Ownership Certification in relation to such Borrower; and the Agent shall have received a fully executed Internal Revenue Service Form W-9 (or its equivalent) for the Borrowers and the Guarantors.

Section 6.3. Credit Utilization for the U.K. Borrower. (a) Before or concurrently with the initial Credit Utilization for any U.K. Borrower:

(i) the Agent shall have received the Guaranty Agreements from the Company and the Guarantors organized in the United States;

(ii) the Agent shall have received for each Lender copies of the U.K. Borrower's and each applicable Guarantor's articles of incorporation and bylaws (or comparable organizational documents) and any amendments thereto, certified in each instance by its Secretary or Clerk or Assistant Secretary or Assistant Clerk;

(iii) the Agent shall have received for each Lender copies of resolutions of the U.K. Borrower's and each applicable Guarantor's Board of Directors (or similar governing body) authorizing the execution, delivery and performance of this Agreement and the other Loan Documents to which it is a party and the consummation of the transactions contemplated hereby and thereby, together with specimen signatures of the persons authorized to execute such documents on each of the U.K. Borrower's and Guarantor's behalf, all certified in each instance by its Secretary or Clerk or Assistant Secretary or Assistant Clerk;

(iv) the Agent shall have received for each Lender a list of the U.K. Borrower's Authorized Representative; and

(v) each of the Lenders shall have received, sufficiently in advance of the initial Credit Utilization (i) all documentation and other information requested by any such Lender required by bank regulatory authorities under applicable "know your customer" and anti-money laundering rules and regulations, including without limitation, the United States Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) and the Beneficial Ownership Regulations including, without limitation, the information described in Section 13.24 and (ii) to the extent any Borrower qualifies as a "legal entity customer" under the Beneficial Ownership Regulation, a Beneficial Ownership Certification in relation to such Borrower; and the Agent shall have received a fully executed Internal Revenue Service Form W-9 (or its equivalent) for the U.K. Borrower and the applicable Guarantors; and

(vi) the Agent shall have received for the account of the Lenders such other agreements, instruments, documents, certificates, and opinions as the Agent may reasonably request;

(b) each U.K. Borrower shall, not later than 60 days after the date of the initial advance of such Loan or the initial issuance of such Letter of Credit (whichever occurs first), the U.K. Borrowers shall deliver to the Agent, in form and substance satisfactory to the Agent, the following:

(i) the Agent shall have received the Guaranty Agreements and Collateral Documents from the U.K. Borrower and applicable Guarantors required by Section 4.1 and 4.2 hereof together with: (A) original stock certificates or other similar instruments or securities representing substantially all of the issued and outstanding shares of capital

stock or other equity interests in the Restricted Subsidiaries that are not U.S. Subsidiaries and otherwise required to be pledged, (B) stock powers for the Collateral consisting of the stock or other equity interest in each such Restricted Subsidiary executed in blank and undated, (C) UCC financing statements (or similar filings) to be filed against the U.K. Borrower and each Subsidiary that is party to a Collateral Document, as debtor, in favor of the Agent, as secured party, and (D) patent, trademark, and copyright collateral agreements, to the extent requested by the Agent;

(ii) to the extent not currently on file with the Agent, the Agent shall have received evidence of insurance required to be maintained under the Loan Documents (including endorsements), naming the Agent as additional insured and lender's loss payee with respect to policies covering insurable Property of the U.K. Borrower and the applicable Guarantors;

(iii) the Agent shall have received for each Lender copies of the certificates of good standing (or comparable certificates) for the U.K. Borrower and, if applicable, such Guarantor (dated no earlier than 30 days prior to the date hereof) from the office of the secretary of the state or other applicable governmental office in its incorporation or organization;

(iv) the Agent shall have received for each Lender the favorable written opinion of counsel to the U.K. Borrower and, if applicable each Guarantor, in form and substance satisfactory to the Agent, and, if applicable, legal opinions of foreign counsel and supporting documentation therefor with respect to, among other things, the liens on capital stock or other equity interests of Foreign Subsidiaries required by Section 4.1 hereof;

(v) the Agent shall have received lien search results against the personal Property of the U.K. Borrower and the applicable Guarantors evidencing the absence of Liens on their personal Property except as permitted by Section 7.11 hereof and searches (in form and substance satisfactory to the Agent) conducted at all relevant registries affecting the U.K. Borrower, the applicable Guarantors or their respective personal Property and all registrations reasonably required by the Agent in respect of the Liens created under the Collateral Documents shall have been completed; and

(vi) the Agent shall have received for the account of the Lenders such other agreements, instruments, documents, certificates, and opinions as the Agent may reasonably request.

Section 7. Covenants.

The Borrowers agree that, so long as any credit is available to or in use by or any amount is owing by the Borrowers hereunder, except to the extent compliance in any case or cases is waived in writing by the Required Lenders:

Section 7.1. Maintenance of Business. The Borrowers shall, and shall cause each Restricted Subsidiary to, preserve and keep in force and effect its existence and all leases, licenses and permits necessary to the proper conduct of its and their respective businesses except with respect to any Restricted Subsidiary to the extent that the failure to do so could not reasonably be expected to result in a Material Adverse Effect, provided that the foregoing shall not preclude the termination or discontinuance of any of such in connection with a Disposition of substantially all of the assets of the Restricted Subsidiary in question or the merger or dissolution of same in each instance to the extent permitted by Section 7.14 hereof.

Section 7.2. Maintenance of Property. The Borrowers shall maintain, preserve and keep their material plant, Properties and equipment used in the conduct of their respective businesses in good repair, working order and condition (ordinary wear and tear excepted), shall from time to time make all needful and proper repairs, renewals, replacements, additions and betterments thereto so that at all times the overall efficiency thereof shall be preserved and maintained in all material respects, and shall cause each Restricted Subsidiary so to do in respect of its material plant, Properties and equipment.

Section 7.3. Taxes and Assessments. The Borrowers shall duly pay and discharge, and shall cause each Restricted Subsidiary to duly pay and discharge, all material taxes, rates, assessments, fees and governmental charges upon or against the Borrowers or any Restricted Subsidiary or against their respective Properties, in each case before the same become delinquent and before penalties accrue thereon, unless and to the extent that the same are being contested in good faith and by appropriate proceedings which prevent enforcement of the matter under contest and adequate reserves are provided therefor.

Section 7.4. Insurance. The Borrowers shall insure and keep insured, and shall cause each Restricted Subsidiary to insure and keep insured, with insurance companies reasonably believed by them to be responsible, all insurable Property owned by them which is of a character usually insured by Persons similarly situated and operating like Properties against loss or damage from such hazards and risks, and in such amounts, as are insured by Persons similarly situated and operating like Properties, and the Borrowers shall insure, and cause each Restricted Subsidiary to insure, such other hazards and risks (including employers' and public liability risks) with insurance companies reasonably believed by them to be good and responsible as and to the extent usually insured by Persons similarly situated and conducting similar businesses, it being agreed that the foregoing shall not preclude the Borrowers and the Restricted Subsidiaries from directly or indirectly self-insuring risks as and to the extent prudent and customary for companies similarly situated. The Borrowers shall in any event maintain insurance on the Collateral to the extent required by the Collateral Documents. The Borrowers shall upon request of the Agent furnish a certificate setting forth in summary form the nature and extent of the insurance maintained pursuant to this Section 7.4.

Section 7.5. Financial Reports and Rights of Inspection. The Borrowers shall, and shall cause each Restricted Subsidiary to, maintain a system of accounting in accordance with GAAP and shall furnish to the Agent, each Lender and each of their duly authorized representatives such information respecting the business and financial condition of the Borrowers and their Restricted Subsidiaries as the Agent or such Lender may reasonably request; and without any request, shall furnish to the Lenders:

(a) as soon as available, and in any event within forty-five (45) days after the close of each of the first three quarterly accounting periods of each fiscal year of the Company, a copy of the condensed consolidated balance sheet of the Company and its Subsidiaries as of the last day of such period and the condensed consolidated statements of operations for such period and for the fiscal year to date and statements of cash flows and shareholders' equity of the Company and its Subsidiaries for the fiscal year to date, each in reasonable detail and showing in comparative form the figures for the corresponding date and period in the previous fiscal year, in the case of the condensed consolidated financial statements only, prepared by the Company in accordance with GAAP (subject to year-end audit adjustments which are not expected to be material and to the absence of footnotes);

(b) as soon as available, and in any event within ninety (90) days after the close of each annual accounting period of the Company, a copy of the consolidated balance sheet of the Company and its Subsidiaries as of the last day of the period then ended and the consolidated statements of operations, cash flows and shareholders' equity of the Company and its Subsidiaries for the period then ended, and accompanying notes thereto, each in reasonable detail showing in comparative form the figures for the previous fiscal year, accompanied by an unqualified opinion, in accordance with generally accepted auditing standards, of Ernst & Young LLP or another independent registered public accounting firm of national standing, selected by the Company and reasonably satisfactory to the Required Lenders;

(c) within the period provided in subsection (b) above, the written statement of the accountants who certified the audit report thereby required that in the course of their audit they have obtained no knowledge of any Default or Event of Default, or, if such accountants have obtained knowledge of any such Default or Event of Default, they shall disclose in such statement the nature and period of existence thereof;

(d) (i) as soon as available, and in any event within (x) forty-five (45) days after the close of each of the first three quarterly accounting periods of each year of the Company or (y) ninety (90) days after the close of each annual accounting period of the Company, a work-in-progress report in reasonable detail prepared by the Company;

(ii) promptly upon the request of any Lender, an accounts receivable and accounts payable aging together with a claims report (detailing individual claims for which the amount recorded on books of the Company is in excess of \$50,000,000), each in reasonable detail prepared by the Company;

(e) promptly after receipt of final copies thereof, any additional written reports, or other detailed information contained in writing concerning significant aspects of any Borrower's or any Restricted Subsidiary's operations and financial affairs given to it by its independent public accountants;

(f) as soon as available, and in any event within ninety (90) days following the end of each fiscal year of the Company, a copy of the Company's consolidated operating budget for the following fiscal year, such operating budget to show the Company's projected consolidated revenues, expenses and net income and to be in reasonable detail prepared by the Company and in form reasonably satisfactory to the Agent;

(g) promptly after knowledge thereof shall have come to the attention of the chief executive or chief financial officer of the Company, written notice of (i) any pending litigation or governmental proceeding or labor controversy against any Borrower or Restricted Subsidiary which could reasonably be expected to have a Material Adverse Effect, (ii) any threatened litigation, governmental proceeding or labor controversy against any Borrower or Restricted Subsidiary which the Company or such Borrower or Restricted Subsidiary in good faith believes could reasonably be expected to have a Material Adverse Effect, or (iii) the occurrence of any Default or Event of Default hereunder;

(h) promptly after knowledge thereof shall have come to the attention of the chief executive or chief financial officer of the Company, written notice of (i) the occurrence and continuance of any event of default as defined in an Indemnity Agreement that is likely to result in a Material Adverse Effect, or (ii) any fact, condition or event that only with giving of notice or the passage of time or both, would become such an event of default thereunder; and

(i) from time to time promptly upon request by any Lender, information and documentation reasonably requested by the Agent or any Lender for purposes of compliance with applicable "know your customer" requirements under the PATRIOT Act, the Beneficial Ownership Regulation or other applicable anti-money laundering laws, including, solely to the extent applicable to any Borrower, either (i) confirmation of the accuracy of the information set forth in the most recent Beneficial Ownership Certification provided to Agent and the Lenders or (ii) if the information set forth in the most recent Beneficial Ownership Certification provided to Agent and the Lenders is no longer accurate, a new Beneficial Ownership Certification, in form and substance acceptable to Agent and each Lender.

Each of the financial statements furnished to the Lenders pursuant to subsections (a) and (b) of this Section 7.5 shall be accompanied by a written certificate in the form attached hereto as Exhibit B signed by an Authorized Representative of the Company to the effect that, to the best of such officer's knowledge and belief, no Default or Event of Default has occurred during the period covered by such statements or, if any such Default or Event of Default has occurred during such period, setting forth a description of such Default or Event of Default and specifying the action, if any, taken by the Company to remedy the same. Such certificate submitted as of

the last day of a calendar quarter shall also set forth the calculations supporting such statements in respect of Sections 7.7 and 7.8 of this Agreement as well as the calculation of the Applicable Margins.

The Borrowers shall, and shall cause each Restricted Subsidiary to, permit the Agent, the Lenders and their duly authorized representatives to visit and inspect any of the Properties of the Borrowers and Restricted Subsidiaries, to examine all of their books of account, records, reports and other papers, to make copies and extracts therefrom, and to discuss their respective affairs, finances and accounts with their respective officers, employees and independent public accountants (and by this provision the Borrowers authorize such accountants to discuss with the Lenders (and such Persons as any Lender may designate, subject to reasonable arrangements for confidentiality) the finances and affairs of the Borrowers and the Restricted Subsidiaries) all upon reasonable notice at such reasonable times and as often as may be reasonably requested.

Section 7.6. No Restrictions. The Borrowers shall not permit any Restricted Subsidiary to enter into any contract or agreement after the date hereof prohibiting or restricting such Restricted Subsidiary from paying dividends or making loans and advances to the Company except (a) in the case of a Restricted Subsidiary formed or acquired to be a captive insurer or a captive surety, (b) where the amount of such dividends, loans or advances subject to such prohibitions and restrictions does not exceed \$25,000,000 in the aggregate at any one time, or (c) for customary covenants in respect of Indebtedness for Borrowed Money permitted by Sections 7.10(p) or (q) so long as such covenants do not restrict the Company or any Restricted Subsidiary from performing its obligations hereunder or under any other Loan Document.

Section 7.7. Leverage Ratio. The Company shall, as of the last day of each calendar quarter, maintain the Leverage Ratio of not more than the Maximum Leverage Ratio in effect at such time.

Section 7.8. Interest Coverage Ratio. The Company shall, as of the last day of each calendar quarter, maintain the Interest Coverage Ratio of not less than 3.00 to 1.

Section 7.9. Compliance with OFAC Sanctions Programs; Anti-Corruption Laws and Application Sanctions. (a) The Borrowers shall at all times comply with the requirements of all Anti-Corruption Laws, Anti-Money Laundering Laws and Sanctions applicable to the Borrowers and shall cause each of the Subsidiaries to comply with the requirements of all Anti-Corruption Laws, Anti-Money Laundering Laws and Sanctions applicable to such Subsidiary.

(b) The Borrowers shall provide the Agent, the Issuers, and the Lenders any information requested in writing by the Agent regarding the Borrowers, their Affiliates, and the Subsidiaries necessary for the Agent, the Issuers, and the Lenders to comply with all applicable Anti-Corruption Laws, Anti-Money Laundering Laws and Sanctions; subject however, in the case of Affiliates, to such Borrower's ability to provide information applicable to them.

(c) If any Borrower obtains actual knowledge or receives any written notice that such Borrower, any Affiliate or any Restricted Subsidiary is named on the then current OFAC SDN List (such occurrence, an "OFAC Event"), such Borrower shall promptly (i) give written notice to the Agent, the Issuer, and the Lenders of such OFAC Event, and (ii) comply with all

applicable laws with respect to such OFAC Event (regardless of whether the party included on the OFAC SDN List is located within the jurisdiction of the United States of America), including the OFAC Sanctions Programs, and the Borrowers hereby authorize and consent to the Agent, the Issuer, and the Lenders taking any and all steps the Agent, the Issuers, or the Lenders deem necessary, in their sole but reasonable discretion, to avoid violation of all applicable laws with respect to any such OFAC Event, including the requirements of the OFAC Sanctions Programs (including the freezing and/or blocking of assets and reporting such action to OFAC).

(d) The Company will maintain in effect and enforce policies and procedures designed to ensure compliance by the Company, its Subsidiaries and their respective directors, officers and employees with Anti-Corruption Laws, Anti-Money Laundering Laws, and applicable Sanctions.

Section 7.10. Indebtedness for Borrowed Money and Guarantees. The Borrowers shall not, nor shall they permit any of the Restricted Subsidiaries to, issue, incur, assume, create or have outstanding any Indebtedness for Borrowed Money, or provide a Guarantee for any such Indebtedness for Borrowed Money; *provided, however*, that the foregoing shall not restrict nor operate to prevent:

(a) the Obligations and Hedging Liability of the Borrowers and Restricted Subsidiaries owing to the Agent and the Lenders (and their Affiliates);

(b) existing Indebtedness for Borrowed Money set forth on Schedule 7.10 hereto;

(c) intercompany indebtedness owing by (i) the Company to Restricted Subsidiaries, (ii) a Restricted Subsidiary to the Company or another Restricted Subsidiary or (iii) the Company or a Restricted Subsidiary to Foreign Subsidiaries and Unrestricted Subsidiaries; *provided*, that the aggregate amount of the indebtedness permitted by this clause (iii) (when taken together with investments, loans and advances permitted by Section 7.12(i)(iv) hereof) shall not exceed the greater of (A) \$150,000,000 and (B) 3.5% of Consolidated Total Assets as of the last day of the most recently ended fiscal quarter of the Company for which the Company shall have delivered financial statements pursuant to Section 7.5(a) or (b) hereof;

(d) Indebtedness for Borrowed Money consisting of the financing of insurance premiums in the ordinary course of business;

(e) liabilities in respect of letters of credit not otherwise permitted by this Section 7.10 if payment of such letters of credit is fully supported by a Letter of Credit;

(f) Indebtedness for Borrowed Money of any Person existing at the time such Person becomes a Restricted Subsidiary or assumed in connection with the acquisition of assets of any Person and, in each case, not incurred in contemplation of such Person becoming a Restricted Subsidiary or such assets being acquired; *provided* that before and after giving effect thereto, no Event of Default shall exist, including with respect to the covenants contained in Sections 7.7 and 7.8 hereof on a pro forma basis;

(g) indebtedness under Interest Rate Protection and Other Hedging Agreements entered into to hedge a risk of the Company and/or its Restricted Subsidiaries and not for speculation;

(h) any renewals, extensions or replacements of Indebtedness for Borrowed Money permitted under this Section 7.10 in an aggregate amount not in excess of the Indebtedness for Borrowed Money being renewed, extended or replaced;

(i) obligations arising out of agreements with respect to the issuance of credit cards (including virtual credit cards) or debit cards to either (i) employees of the Company or any Restricted Subsidiary, or (ii) the Company or any Restricted Subsidiary, in each case for use in connection with the business and affairs of such entities;

(j) obligations arising out of agreements with respect to the execution or processing of electronic transfer of funds by automatic clearing house transfer, wire transfer, or otherwise to or from any deposit account of the Company or any Restricted Subsidiary, the acceptance for deposit or the honoring for payment of any check, draft, or other item with respect to any such deposit accounts, and other deposit disbursement, and cash management services afforded to the Company and/or any Restricted Subsidiary;

(k) purchase money indebtedness and Finance Lease Obligations of the Company and its Restricted Subsidiaries in an amount not to exceed the greater of (i) \$150,000,000 and (ii) 3.5% of Consolidated Total Assets as of the last day of the most recently ended fiscal quarter of the Company for which the Company shall have delivered financial statements pursuant to Section 7.5(a) or (b) hereof;

(l) indebtedness resulting from a change in GAAP, if any, that requires real estate and/or equipment leases of the Company and its Restricted Subsidiaries to be reclassified from operating leases to Finance Leases;

(m) obligations arising pursuant to and in accordance with the Company's Voluntary Deferral Plan;

(n) (i) Performance Guarantees of the Company or a Restricted Subsidiary or (ii) contingent obligations arising from the issuance of Performance Guarantees, assurances, indemnities, bonds, letters of credit, or similar agreements in the ordinary course of business in respect of the contracts (other than contracts for Indebtedness for Borrowed Money) for the benefit of surety companies or for the benefit of others to induce such others to forgo the issuance of a surety bond in their favor;

(o) Guarantees of Indebtedness for Borrowed Money of, or Performance Guarantees given by, Foreign Subsidiaries and Guarantees of or incurrence of liability for letters of credit supporting Indebtedness for Borrowed Money of Persons in which the Company and the Restricted Subsidiaries are permitted to invest pursuant to Section 7.12(h) (with respect to Strategic Ventures organized outside the United States or conducting more than 50% of their business outside the United States) or Section 7.12(n) hereof; *provided* that the aggregate amount of Indebtedness for Borrowed Money and of Performance Guarantees so permitted to be incurred, guaranteed or supported pursuant to

the provisions of this subsection (o) shall not exceed the greater of (A) \$75,000,000 and (B) 1.0% of Consolidated Total Assets as of the last day of the most recently ended fiscal quarter of the Company for which the Company shall have delivered financial statements pursuant to Section 7.5(a) or (b) hereof at any one time outstanding less the amount invested in Foreign Subsidiaries after the Closing Date;

(p) secured Indebtedness for Borrowed Money not otherwise permitted hereunder in an aggregate amount not to exceed the greater of (i) \$350,000,000 and (ii) 8.0% of Consolidated Total Assets as of the last day of the most recently ended fiscal quarter of the Company for which the Company shall have delivered financial statements pursuant to Section 7.5(a) or (b) hereof;

(q) unsecured Indebtedness for Borrowed Money not otherwise permitted hereunder so long as immediately before and after giving effect thereto, no Event of Default shall exist, including with respect to the covenants contained in Sections 7.7 and 7.8 hereof on a pro forma basis; and

(r) Guarantees by the Company and the Restricted Subsidiaries of Indebtedness for Borrowed Money of the Company and the Restricted Subsidiaries otherwise permitted under this Section.

Section 7.11. Liens. The Borrowers shall not, nor shall they permit the Restricted Subsidiaries to, create, incur or permit to exist any Lien of any kind on any Property owned by any Borrower or Restricted Subsidiary; *provided, however,* that the foregoing shall not apply to nor operate to prevent:

(a) Liens arising by statute in connection with worker's compensation, unemployment insurance, old age benefits, social security obligations, taxes, assessments, statutory obligations or other similar charges, good faith cash deposits in connection with the foregoing or in connection with tenders, contracts or leases to which the Borrowers or any of their Restricted Subsidiaries are a party or other cash deposits required to be made in the ordinary course of business, provided in each case that the obligation is not for borrowed money and that the obligation secured is not overdue or, if overdue, is being contested in good faith by appropriate proceedings which prevent enforcement of the matter under contest and adequate reserves have been established therefor;

(b) mechanics', workmen's, materialmen's, landlords', carriers', or other similar Liens arising in the ordinary course of business with respect to obligations which are not due or which are being contested in good faith by appropriate proceedings which prevent enforcement of the matter under contest;

(c) judgment liens and judicial attachment liens not constituting an Event of Default under Section 8.1(h) hereof and the pledge of assets for the purpose of securing an appeal, stay or discharge in the course of any legal proceeding;

(d) the Liens granted in favor of the Agent for the benefit of the Lenders pursuant to the Collateral Documents;

(e) Liens on Property of the Company or any Restricted Subsidiary created solely for the purpose of securing indebtedness permitted by Section 7.10(k), representing or incurred to finance, refinance, or refund the purchase price of such Property, provided that no such Lien shall extend to or cover other Property of the Company or such Restricted Subsidiary other than the respective Property so acquired, and the principal amount of indebtedness secured by any such Lien shall at no time exceed the purchase price of such Property, as reduced by repayments of principal thereon;

(f) liens on deposits provided in connection with long-term maintenance contracts of facilities of the Borrowers and the Restricted Subsidiaries located in the United Kingdom relating to United Kingdom private finance initiatives;

(g) Liens in favor of bonding companies and their affiliates to the extent described in clause (i) of the second proviso of Section 4.1 hereof;

(h) rights of subrogation and similar rights of issuers of surety bonds and unperfected lien rights of such issuers to assets associated with projects which they have bonded;

(i) restrictions on the disbursement or withdrawal of funds deposited by Restricted Subsidiaries in bank accounts maintained by them in the ordinary course of business consistent with past practice which are maintained in connection with specific construction projects or contracts from which payments and disbursements with respect to such contracts or projects are to be made;

(j) Liens on insurance policies arising in connection with Indebtedness for Borrowed Money permitted by Section 7.10(d) hereof;

(k) Liens consisting of cash collateral deposits made in connection with the insurance programs of the Company and its Restricted Subsidiaries and rights of a depository bank to offset balances in any account maintained with it by a Subsidiary incorporated under the laws of the United Kingdom against debit balances in any other account maintained with it by such Subsidiary or any other U.K. Subsidiary (it being acknowledged by the Lenders that such rights of offset shall be superior to any rights they may have in and to such accounts or the balances as are from time to time standing on deposit therein);

(l) Liens existing on any property of a Person at the time such Person becomes a Restricted Subsidiary or in connection with the acquisition of assets of such Person, in each case which Liens were not created, incurred or assumed in contemplation thereof; provided that no such Liens shall extend to or cover any other property of the Company or any Restricted Subsidiary;

(m) the Liens listed and described on Schedule 7.11 attached hereto;

(n) any extension, renewal or replacement (or successive extensions, renewals or replacements) of Liens permitted by this Section 7.11 without any increase in the amount of indebtedness secured thereby or in the assets subject to such Liens;

(o) Liens securing indebtedness permitted by Section 7.10(p) hereof; and

(p) Liens securing obligations up to, but not to exceed, the greater of (A) \$75,000,000 and (B) 1.0% of Consolidated Total Assets as of the last day of the most recently ended fiscal quarter of the Company for which the Company shall have delivered financial statements pursuant to Section 7.5(a) or (b) hereof.

Section 7.12. Investments, Acquisitions, Loans, and Advances. The Borrowers shall not, nor shall they permit any of the Restricted Subsidiaries to, directly or indirectly, make, retain or have outstanding any investments (whether through purchase of stock or obligations or otherwise) in, or loans or advances (other than for relocation and travel advances and other loans made to employees in the ordinary course of business) to, any other Person, or acquire all or any substantial part of the assets or business of any other Person or division thereof; *provided, however,* that the foregoing shall not apply to nor operate to prevent:

(a) investments in direct obligations of the United States of America or of any agency or instrumentality thereof whose obligations constitute full faith and credit obligations of the United States of America, provided that any such obligations shall mature within one year of the date of issuance thereof;

(b) investments in commercial paper maturing within 270 days of the date of issuance thereof which has been accorded one of the two highest ratings available from the S&P, Moody's or any other nationally recognized credit rating agency of similar standing providing similar ratings;

(c) investments in money market funds which in turn invest primarily in investments of the types described in clauses (a), (b) and (d) of this Section 7.12;

(d) investments in certificates of deposit issued by any commercial bank organized under the laws of the United States or (as to investments of EMCOR U.K. Limited and its Subsidiaries, the United Kingdom), in each case having capital, surplus and undivided profits of not less than \$500,000,000 or by any Lender, in each case maturing within one year from the date of issuance thereof or in Eurodollar time deposits maturing not more than one year from the date of acquisition thereof placed with any Lender or other such commercial bank (to the extent investments in certificates of deposit issued by such other bank are permitted by this subsection) or in banker's acceptances endorsed by any Lender or other such commercial bank (to the extent investments in certificates of deposit issued by such other bank are permitted by this subsection) and maturing within nine months of the date of acceptance;

- (e) endorsement of items for deposit or collection of commercial paper received in the ordinary course of business;
- (f) the investments, loans and advances listed and described on Schedule 7.12 attached hereto;
- (g) the Company's and Restricted Subsidiaries' investments in their respective Subsidiaries existing on the Closing Date;
- (h) investments by the Company and the Restricted Subsidiaries in Strategic Ventures in an aggregate amount not to exceed the greater of (i) \$150,000,000 and (ii) 3.5% of Consolidated Total Assets as of the last day of the most recently ended fiscal quarter of the Company for which the Company shall have delivered financial statements pursuant to Section 7.5(a) or (b) hereof;
 - (i) intercompany loans and advances from and investments by:
 - (i) the Company to Restricted Subsidiaries,
 - (ii) a Restricted Subsidiary to the Company or another Restricted Subsidiary,
 - (iii) the Company and Restricted Subsidiaries in a Restricted Subsidiary formed as a captive insurer or surety company; or
 - (iv) the Company and Restricted Subsidiaries to Foreign Subsidiaries and Unrestricted Subsidiaries; *provided*, that the aggregate amount of the intercompany loans, advances and investments permitted by this clause (iv) (when taken together with intercompany indebtedness permitted by Section 7.10(c)(iii) hereof) shall not exceed the greater of (A) \$150,000,000 and (B) 3.5% of Consolidated Total Assets as of the last day of the most recently ended fiscal quarter of the Company for which the Company shall have delivered financial statements pursuant to Section 7.5(a) or (b) hereof;
- (j) Permitted Acquisitions;
- (k) acquisitions of assets (including stock, notes and other evidences of indebtedness) and subordinations of claims as a part of good faith collection efforts on doubtful accounts;
- (l) Guarantees permitted by Section 7.10 hereof;
- (m) notes and other deferred payment obligations (other than general partnership and similar interests) acquired by the Company or any Restricted Subsidiary in connection with the Disposition of assets permitted hereby;

(n) investments of the Company or any Restricted Subsidiary made in the ordinary course of business in connection with joint ventures, Persons or other similar pooling of efforts in respect to a specific project or series of related specific projects for a limited or fixed duration and formed to conduct business of the type in which the Company or such Restricted Subsidiary is presently engaged and guarantees of obligations of, and incurrence of liabilities in respect of letters of credit for, such joint ventures or Persons;

(o) investments made pursuant to and in accordance with the Company's Voluntary Deferral Plan;

(p) loans and advances made by the Company or any Restricted Subsidiary to employees, vendors, suppliers and contractors in the ordinary course of its business in an aggregate amount not in excess of \$30,000,000 at any one time outstanding;

(q) lease, utility and other similar deposits arising in the ordinary course of the Company's or any Restricted Subsidiary's business;

(r) investments, loans and advances by the Company and the Restricted Subsidiaries not otherwise permitted hereunder in an aggregate amount not to exceed the greater of (i) \$300,000,000 and (ii) 7.0% of Consolidated Total Assets as of the last day of the most recently ended fiscal quarter of the Company for which the Company shall have delivered financial statements pursuant to Section 7.5(a) or (b) hereof; and

(s) investments, acquisitions, loans and advances not otherwise permitted hereunder so long as (i) no Default or Event of Default shall have occurred and be continuing after giving effect thereto and (ii) the Leverage Ratio is less than 2.75 to 1.0 on a pro forma basis after giving effect thereto.

In determining the amount of investments, acquisitions, loans, advances and guarantees permitted under this Section 7.12, investments and acquisitions shall always be taken at the original cost thereof (regardless of any subsequent appreciation or depreciation therein), loans and advances shall be taken at the principal amount thereof then remaining unpaid, and guarantees shall be taken at the amount of obligations guaranteed thereby.

Section 7.13. Mergers, Consolidations and Dispositions. The Company shall not, nor shall it permit any of its Restricted Subsidiaries to, be a party to any merger, consolidation or dissolution, or sell, transfer, lease or otherwise dispose of all or any part of the Property of the Company and the Restricted Subsidiaries, taken as a whole, including any Disposition of Property as part of a sale and leaseback transaction, or in any event sell or discount (with or without recourse) any of its notes or accounts receivable; *provided, however, that this Section 7.13 shall not apply to nor operate to prevent:*

(a) the Borrowers or any of the Restricted Subsidiaries from selling their inventory, licensing their intellectual Property or leasing or subleasing excess real Property, in each case in the ordinary course of its business or from selling equipment which is obsolete, worn out, or no longer needed for the operation of the business of the

Company and the Restricted Subsidiaries or which is promptly replaced with equipment of at least equal utility;

(b) (i) the merger of a Restricted Subsidiary with and into the Company and sales by a Restricted Subsidiary of all or substantially all of its assets to the Company, and (ii) the merger of a Restricted Subsidiary with and into another Restricted Subsidiary and the sale of all or substantially all of the assets of a Restricted Subsidiary to another Restricted Subsidiary; *provided* in each case that if either of the two Restricted Subsidiaries in question is or becomes a Guarantor, the survivor of the transaction in question remains or becomes a Guarantor and, prior to the Collateral Release Date, all such actions are taken as the Agent requires to preserve its Liens on the Collateral;

(c) any Disposition of Property as part of a sale and leaseback transaction so long as (i) such transaction would be permitted had it been structured as a purchase money mortgage or Finance Lease and is treated as such for purposes of this Agreement or (ii) such sale and leaseback transaction is between the Company or any of its Restricted Subsidiaries and a Restricted Subsidiary;

(d) the sale or discount (with or without recourse) of any of the Company's or any Restricted Subsidiary's notes or accounts receivable so long as (i) such sale by the Company or any Restricted Subsidiary of notes or accounts receivable is to the Company or another Restricted Subsidiary, (ii) such notes or accounts receivable are delinquent and such sale is in the ordinary course of business for purposes of collection only or (iii) the original amount of such notes or accounts receivable sold during any fiscal year of the Company does not exceed an aggregate amount of (A) if such sale or discount is with recourse, the greater of (I) \$75,000,000 and (B) 1.0% of Consolidated Total Assets as of the last day of the most recently ended fiscal quarter of the Company for which the Company shall have delivered financial statements pursuant to Section 7.5(a) or (b) hereof and (B) if such sale or discount is without recourse, the greater of (A) \$375,000,000 and (B) 6.0% of Consolidated Total Assets as of the last day of the most recently ended fiscal quarter of the Company for which the Company shall have delivered financial statements pursuant to Section 7.5(a) or (b) hereof;

(e) the dissolution or liquidation of any Restricted Subsidiary whose activities are no longer, in the opinion of the Chief Executive Officer or the Board of Directors of the Company, necessary for the operation of the business of the Company and its Restricted Subsidiaries taken as a whole, *provided* that (i) no Default or Event of Default has occurred and is continuing or will result therefrom and (ii) if the Restricted Subsidiary to be dissolved or liquidated is a Guarantor, all of its assets remaining after the dissolution or liquidation in question are transferred to the Company or another Guarantor and, prior to the Collateral Release Date, all such actions, if any, are taken as the Agent may reasonably require in order to insure that it has a Lien on the assets so transferred of the priority required by Section 4.1 hereof;

(f) any assignment or sale of transfer of shares in the capital stock of a Restricted Subsidiary permitted by Section 7.13 hereof;

(g) the Disposition to any Person of any shares of capital stock of a Restricted Subsidiary for the purpose of (i) qualifying, and to the extent legally necessary to qualify, such person as a director of such Subsidiary or (ii) solely for the purpose of permitting such Subsidiary to carry on a licensed business;

(h) any other Disposition not permitted hereunder, *provided*, that the value of the Property subject to the Disposition when aggregated with the value of the Property of all other such Dispositions during the period from and including the Closing Date to and including the date of such Disposition, would not exceed the greater of (i) \$500,000,000 and (ii) 12.5% of the Consolidated Total Assets as of such date. Prior to the Collateral Release Date, the Agent shall release its Lien on any Property sold pursuant to the foregoing provisions if no Default or Event of Default has occurred and is continuing or would result therefrom; and

(i) Dispositions of non-core assets acquired in connection with Permitted Acquisitions or other investments after the Closing Date made within 36 months of such Permitted Acquisition or Investment; *provided* that such non-core assets, in the aggregate, do not exceed 40% of value of the total assets acquired pursuant to such Permitted Acquisition or Investment.

Pursuant to Section 10.12 hereof, the Agent shall release any Guaranty Agreement of a Restricted Subsidiary and Liens on the stock issued by or the assets of such Restricted Subsidiary in each case that is sold in accordance with this Section (including a sale of all the capital stock or other equity interests or assets of such Restricted Subsidiary), and such entity shall no longer constitute a Restricted Subsidiary hereunder.

Section 7.14. Dividends and Certain Other Restricted Payments. The Company shall not during any fiscal year (a) declare or pay any dividends on or make any other distributions in respect of any class or series of its capital stock (except for dividends payable solely in its capital stock) or (b) directly or indirectly purchase, redeem or otherwise acquire or retire any of its capital stock or any options or warrants therefor except out of the net proceeds of a substantially concurrent issuance and sale of capital stock or options or warrants therefor (collectively, “*Restricted Payments*”); *provided*, that the foregoing shall not operate or prevent:

(x) the making of Restricted Payments if after giving effect thereto (i) no Default or Event of Default shall have occurred and be continuing; and (ii) the Leverage Ratio is less than 2.75 to 1.0 on a pro forma basis; and

(y) the making of Restricted Payments by the Company (i) in satisfaction of withholding taxes for the account of participants in the Company’s equity based benefit plans in connection with the surrender to the Company of such participants’ restricted stock units in respect of which shares of the Company’s capital stock are issuable, or such participants’ shares of the Company’s capital stock or stock options to acquire shares of the Company’s capital stock, in each case in lieu of paying to the Company such withholding taxes in cash by reason of the issuance of such shares in respect of such restricted stock units, the acquisition of such shares or the exercise of such stock options and (ii) with respect to the value of stock options to acquire shares of the Company’s

capital stock or the shares underlying such stock options upon surrender to the Company of stock options in connection with payment of such stock option exercise price by way of a "net settlement" of such stock options.

Section 7.15. *ERISA.* The Borrowers shall, and shall cause each of the Restricted Subsidiaries to, promptly pay and discharge all obligations and liabilities arising under ERISA of a character which if unpaid or unperformed might result in the imposition of a Lien against any of their Properties. The Borrowers shall, and shall cause each of the Restricted Subsidiaries to, promptly notify the Agent and each Lender of (i) the occurrence of any reportable event (as defined in ERISA) with respect to any employee benefit plan subject to Title IV of ERISA (other than a multiemployer plan) sponsored or contributed to by either of the Borrowers or any member of the Controlled Group (a "Plan") with respect to which the PBGC has neither waived the 30 day reporting requirement nor issued a public announcement that the penalty applicable to a failure to report will not apply, (ii) receipt of any notice from the PBGC of its intention to seek termination of any Plan or appointment of a trustee therefor, (iii) its intention to terminate any Plan or withdraw from any multiemployer plan if such termination or withdrawal could reasonably be expected to have a Material Adverse Effect, and (iv) the occurrence of any other event with respect to any Plan which would result in the incurrence by the Borrowers or any of their Restricted Subsidiaries of any liability, fine or penalty, or any increase in the contingent liability of the Borrowers or any of the Restricted Subsidiaries with respect to any post-retirement Welfare Plan benefit, in each case, which could reasonably be expected to have a Material Adverse Effect.

Section 7.16. *Compliance with Laws.* The Company shall, and shall cause each of its Restricted Subsidiaries to, comply in all respects with the requirements of all foreign (whether national, supra-national or otherwise), federal, state, provincial, and local laws, rules, regulations, ordinances and orders applicable to or pertaining to their Properties or business operations, non-compliance with which could have a Material Adverse Effect or could result in a Lien upon any of their Property material to the Company and the Restricted Subsidiaries taken as a whole.

Section 7.17. *Burdensome Contracts With Affiliates.* The Company shall not, nor shall it permit any of its Restricted Subsidiaries to, enter into any contract, agreement or business arrangement with any of its Affiliates (other than with or among Restricted Subsidiaries and the Company) on terms and conditions which are less favorable to the Company or any such Restricted Subsidiary than would be usual and customary in similar contracts, agreements or business arrangements between Persons not affiliated with each other.

Section 7.18. *No Changes in Fiscal Year.* The Company shall not change its fiscal year from its present basis without the prior written consent of the Required Lenders.

Section 7.19. *Formation of Subsidiaries.* The Company shall not, nor shall it permit any Restricted Subsidiary to, form or acquire any Material Restricted Subsidiary unless the newly formed or acquired Material Restricted Subsidiary shall, if the Required Lenders so request and to the extent required by the Required Lenders, execute and deliver a Guaranty Agreement and grant Liens on its assets of the priority required by Section 4.1 or 4.2 hereof (and provide the Agent with such documentation therefore and such supporting documentation, including opinions of counsel, as it may reasonably request); provided, that any Foreign Subsidiary formed

or acquired after the date hereof shall not be required to comply with this Section if the U.K. Borrower has not satisfied the conditions set forth in Section 6.3 hereof. Each Subsidiary acquired or formed pursuant hereto shall constitute a Restricted Subsidiary unless the Required Lenders otherwise agree in writing or unless included as an exception in the definition of Restricted Subsidiary.

Section 7.20. Change in the Nature of Business. The Company shall not, nor shall it permit any of the Restricted Subsidiaries to, engage in any business or activity if as a result the general nature of the business of the Company and the Restricted Subsidiaries, taken as a whole, would be materially changed from the general nature of the business engaged in by the Company and the Restricted Subsidiaries, taken as a whole, on the date of this Agreement. For purpose of this Section 7.20, a material change from the general nature of the business of the Company and its Restricted Subsidiaries shall not have occurred if the aggregate consideration (including as such consideration any indebtedness of the Acquired Business assumed or guaranteed by the Company or a Restricted Subsidiary) for any Permitted Acquisition that is not an Eligible Line of Business is \$850,000,000 or less.

Section 7.21. Use of Proceeds. The Borrowers shall use the proceeds of the Credit Utilizations (including the initial Credit Utilization) hereunder for the purposes set forth in, or otherwise permitted by, Section 5.4 hereof. No Borrower will request any Borrowing or Letter of Credit, and no Borrower shall use, and shall procure that its Subsidiaries and its or their respective directors, officers and employees shall not use, the proceeds of any Borrowing or Letter of Credit in violation of any Anti-Corruption Laws, Anti-Money Laundering Laws or Sanctions applicable to any party hereto.

Section 8. Events of Default and Remedies.

Section 8.1. Events of Default. Any one or more of the following shall constitute an Event of Default hereunder:

(a) default in the payment when due of all or any part of the principal of the Loans (whether at the stated maturity thereof or at any other time provided for in this Agreement) or of any Reimbursement Obligation and any such default continues for one (1) Business Day after notice thereof from the Agent (acting at the direction of any Lender) to the Company;

(b) default in the payment when due of all or part of the interest on any Loan (whether the stated maturity thereof or at any other time provided for in this Agreement) or of any fee or other amount payable hereunder or under any other Loan Document and any such default continues for five (5) Business Days after notice thereof from the Agent (acting at the direction of any Lender) to the Company;

(c) (i) default in the observance or performance of any covenant set forth in Sections 7.6, 7.7, 7.8, 7.13, 7.14 or 7.21 hereof or of any provision in any Loan Document dealing with the maintenance of insurance on the Collateral, or (ii) default in the observance or performance of any covenant set forth in Section 7.10 or Section 7.12 which is not remedied within fifteen (15) days after the earlier of (A) the date on which

such failure shall first become known to any officer of the Company or (B) written notice thereof to the Company by the Agent;

(d) default in the observance or performance of any other provision hereof or of any other Loan Document which is not remedied within thirty (30) days after the earlier of (i) the date on which such failure shall first become known to any officer of the Company or (ii) written notice thereof to the Company by the Agent;

(e) any representation or warranty made herein or in any of the other Loan Document or in any certificate furnished to the Agent or the Lenders pursuant hereto or thereto or in connection with any transaction contemplated hereby or thereby proves untrue in any material respect as of the date of the issuance or making thereof;

(f) any event occurs or condition exists (other than those described in subsections (a) through (e) above) which is specified as an event of default under any of the other Loan Documents and any period of grace applicable thereto shall have elapsed, or any of the Loan Documents shall for any reason not be or shall cease to be in full force and effect, or any of the Loan Documents is declared to be null and void, or, prior to the Collateral Release Date, any of the Collateral Documents shall for any reason fail to create a valid and perfected Lien in favor of the Agent in any material amount of Collateral purported to be covered thereby of the priority required by Section 4.1 hereof;

(g) default shall occur under any evidence of Indebtedness for Borrowed Money aggregating in excess of the greater of \$100,000,000 and 5.0% of the Net Worth of the Company and its Subsidiaries on a consolidated basis issued, assumed or guaranteed by any Borrower or Restricted Subsidiary or under any indenture, agreement or other instrument under which the same may be issued, and such default shall continue for a period of time sufficient to permit the acceleration of the maturity of any such Indebtedness for Borrowed Money (whether or not such maturity is in fact accelerated) without being waived or any such Indebtedness for Borrowed Money shall not be paid when due (whether by demand, lapse of time, acceleration or otherwise);

(h) any judgment or judgments, writ or writs or warrant or warrants of attachment, or any similar process or processes in an aggregate amount in excess of the greater of \$100,000,000 and 5.0% of the Net Worth of the Company and its Subsidiaries on a consolidated basis (*provided*, that in determining such amount there shall be deducted therefrom the amount which is covered by insurance from any insurer which has been notified thereof and does not dispute its liability thereon) shall be entered or filed against any Borrower or Material Restricted Subsidiary or against any of the Property or assets of any of them and remains undischarged, unvacated, unbonded or unstayed for a period of thirty (30) days;

(i) any party obligated on any Guaranty Agreement shall purport to disavow, revoke, discontinue, repudiate or terminate such Guaranty Agreement or such Guaranty Agreement shall otherwise cease to have force or effect;

(j) any Change in Control occurs;

(k) any Borrower or Material Restricted Subsidiary shall (i) have entered involuntarily against it an order for relief under the United States Bankruptcy Code, as amended or any analogous action is taken under any other applicable law relating to bankruptcy or insolvency, (ii) not pay, admit in writing its inability to pay, or be deemed under applicable law not to be able to pay, its debts generally as they become due, (iii) make an assignment for the benefit of creditors, (iv) apply for, seek, consent to, or acquiesce in, the appointment of a receiver, receiver-manager, receiver and manager, interim receiver, administrative receiver, administrator, custodian, trustee, examiner, liquidator or similar official for it or any substantial part of its Property, (v) institute any proceeding seeking to have entered against it an order for relief under the United States Bankruptcy Code, as amended or any foreign insolvency or bankruptcy laws to adjudicate it insolvent, or seeking dissolution, winding up, liquidation, reorganization, arrangement, adjustment or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors or fail to file an answer or other pleading denying the material allegations of any such proceeding filed against it, or (vi) fail to contest in good faith any appointment or proceeding described in Section 8.1(l) hereof; or

(l) a custodian, receiver, receiver-manager, receiver and manager, interim receiver, administrative receiver, administrator, trustee, examiner, liquidator or similar official shall be appointed for any Borrower or Material Restricted Subsidiary or any substantial part of any of their Property, or a proceeding described in Section 8.1(k)(v) shall be instituted against any Borrower or Material Restricted Subsidiary, and such appointment continues undischarged or such proceeding continues undismissed or unstayed for a period of sixty (60) days.

Section 8.2. Non-Bankruptcy Defaults. When any Event of Default described in subsections 8.1(a) to 8.1(j), both inclusive, has occurred and is continuing, the Agent shall, upon request of the Required Lenders by notice to the Company, take any or all of the following actions:

(a) terminate the obligation of the Lenders to extend any further credit hereunder on the date (which may be the date thereof) stated in such notice; and

(b) declare the principal of and the accrued interest on the Loans to be forthwith due and payable and thereupon the Loans, including both principal and interest, and all fees, charges, commissions and other Obligations payable hereunder, shall be and become immediately due and payable without further demand, presentment, protest or notice of any kind.

Without limiting the generality of the foregoing, the Agent, upon request of the Required Lenders, shall be entitled to realize upon and enforce all of its rights and remedies under the Collateral Documents and proceed by any other action, suit, remedy or proceeding as authorized or permitted by this Agreement, the Collateral Documents or at law or in equity.

Section 8.3. Bankruptcy Defaults. When any Event of Default described in subsection 8.1(k) or 8.1(l) has occurred and is continuing, then the unpaid balance of the Loans, including both principal and interest, and all fees, charges, commissions and other Obligations payable hereunder, shall immediately become due and payable without presentment, demand, protest or notice of any kind, and the obligation of the Lenders to extend further credit pursuant to any of the terms hereof shall immediately terminate. Without limiting the generality of the foregoing, the Agent, upon request of the Required Lenders, shall be entitled to realize upon and enforce all of its rights and remedies under the Collateral Documents and proceed by any other action, suit, remedy or proceeding and authorized or permitted by this Agreement, the Collateral Documents or at law or in equity.

Section 8.4. Collateral for Undrawn Letters of Credit. (a) If and when (w) any Event of Default, other than an Event of Default described in subsections (k) or (l) of Section 8.1, has occurred and is continuing, the Borrowers shall, upon demand of the Agent (including at the direction of or with the consent of the Required Lenders), or (x) any Event of Default described in subsections (k) or (l) of Section 8.1 has occurred, or (y) prepayment of the Letters of Credit as required by Section 2.11, Section 2.12 or Section 3.5 hereof; or (z) any Letter of Credit is outstanding on the Revolving Credit Termination Date (whether or not any Event of Default has occurred), the Borrowers shall, without notice or demand from the Agent, either (i) immediately pay to the Agent the full amount of each Letter of Credit to be held by the Agent as provided in subsection (b) below or (ii) provide a back-up letter of credit for the benefit of the Applicable Issuer in a stated amount equal to the full amount of all Letters of Credit then outstanding which letter of credit shall give the Applicable Issuer the unconditional right to make drawings thereunder upon receipt of a drawing request under any Letter of Credit and otherwise be in form and substance satisfactory to the Applicable Issuer and issued by an issuer satisfactory to the Applicable Issuer in its sole discretion, the Borrowers agreeing to immediately make each such payment or provide such back-up letter of credit and acknowledging and agreeing the Agent and the Applicable Issuers would not have an adequate remedy at law for failure of the Borrowers to honor any such demand and that the Agent shall have the right to require the Borrowers to specifically perform such undertaking whether or not any draws had been made under the Letters of Credit.

(b) All amounts prepaid pursuant to subsection (a) above or paid over to the Agent pursuant to Section 1.3(b) shall be held by the Agent in one or more separate collateral accounts (each such account, and the credit balances, properties, and any investments from time to time held therein, and any substitutions for such account, any certificate of deposit or other instrument evidencing any of the foregoing and all proceeds of and earnings on any of the foregoing being collectively called the “*Collateral Account*”) as security for, and for application by the Agent (to the extent available) to, the reimbursement of any payment under any Letter of Credit then or thereafter made by the Applicable Issuer, and to the payment of the unpaid balance of all other Obligations and Hedging Liability. The Collateral Account shall be held in the name of and subject to the exclusive dominion and control of the Agent for the benefit of the Agent, the Lenders, and the Applicable Issuers. If and when requested by the Company, the Agent shall invest funds held in the Collateral Account from time to time in direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United

States of America with a remaining maturity of one year or less, provided that the Agent is irrevocably authorized to sell investments held in the Collateral Account when and as required to make payments out of the Collateral Account for application to amounts due and owing from the Borrower to the Applicable Issuer, the Agent or the Lenders. Subject to the terms of Sections 2.11 and 2.12, if the Borrowers shall have made payment of all obligations referred to in subsection (a) above, at the request of the Company the Agent shall release to the Company amounts held in the Collateral Account so long as at the time of the release and after giving effect thereto no Default or Event of Default exists. After all Letters of Credit have expired or been cancelled and the expiration or termination of all Commitments, at the request of the Company, the Agent shall release any remaining amounts held in the Collateral Account following payment in full in cash of all Obligations and Hedging Liability.

Section 9. Definitions Interpretations.

Section 9.1. Definitions. The following terms when used herein have the following meanings:

“*Acquired Business*” means the entity or assets acquired by a Borrower or Restricted Subsidiary in an Acquisition after the date hereof.

“*Acquisition*” means any transaction or series of related transactions for the purpose of or resulting, directly or indirectly, in (a) the acquisition of all or substantially all of the assets of a Person, or of any business or division of a Person, (b) the acquisition of in excess of 50% of the capital stock, partnership interests, membership interests or equity of any Person (other than a Person that is a Subsidiary), or otherwise causing any Person to become a Subsidiary, or (c) a merger or consolidation or any other combination with another Person (other than a Person that is a Subsidiary) provided that a Borrower or Restricted Subsidiary is the surviving entity.

“*Additional Lender*” is defined in Section 1.11 hereof.

“*Adjusted EBITDA*” means, with reference to any period, EBITDA for such period calculated on a pro forma basis in good faith by the Company and established to the reasonable satisfaction of the Agent as if each Acquisition which occurred during such period had taken place on the first day of such period (including adjustments for non-recurring expenses and income reasonably determined by the Company in good faith and established to the reasonable satisfaction of the Agent).

“*Adjusted Term SOFR*” means, with respect to any tenor, the per annum rate equal to the sum of (i) Term SOFR for such tenor plus (ii) 0.10% (10 basis points); provided, if Adjusted Term SOFR determined as provided above shall ever be less than the Floor, then Adjusted Term SOFR shall be deemed to be the Floor.

“*Administrative Questionnaire*” means an Administrative Questionnaire in a form supplied by the Agent.

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

“Affiliate” means any Person directly or indirectly controlling or controlled by, or under direct or indirect common control with, another Person. A Person shall be deemed to control another Person for the purposes of this definition if such Person possesses, directly or indirectly, the power to direct, or cause the direction of, the management and policies of the other Person, whether through the ownership of voting securities, common directors, trustees or officers, by contract or otherwise; *provided that*, in any event for purposes of this definition, (i) any Person that owns, directly or indirectly, 41% or more of the securities having ordinary voting power for the election of directors or governing body of a corporation or 41% or more of the partnership or other ownership interests of any other Person (other than as a limited partner of such other Person) will be deemed to control such corporation or other Person and (ii) any Person that owns, directly or indirectly, less than 41% of the securities having ordinary voting power for the election of directors or governing body of the Borrower will be deemed not to be an Affiliate of the Borrower solely by virtue of its equity securities ownership.

“Agent” shall mean Bank of Montreal and any successor thereto appointed pursuant to Section 10.1 hereof.

“Aggregate Revolving Commitment” means, as to any Lender, the amount set forth on Schedule 1.1 opposite such Lender under the heading “Aggregate Revolving Commitments” as the same may be increased, reduced or modified at any time or from time to time pursuant to the terms hereof, and reference to the term “Aggregate Revolving Commitments” shall mean the aggregate of each Lender’s Aggregate Revolving Commitment.

“Agreement” means this Seventh Amended and Restated Credit Agreement, as the same may be amended, modified or restated from time to time in accordance with the terms hereof.

“Alternative Currency” means pounds sterling, Euro and any other currency (other than United States Dollars) approved as such in writing by all Multicurrency Lenders, in each case for so long as such currency is readily available to all the Multicurrency Lenders and is freely transferable and freely convertible to U.S. Dollars and Reuters Monitor Money Rates Service (or any successor thereto) reports a the relevant interest rate for such currency for interest periods of one, two, three and six calendar months; *provided that* if any Multicurrency Lender provides written notice to the Company (with a copy to the Agent) that any currency control or other exchange regulations are imposed in the country in which any such Alternative Currency is issued and that in the reasonable opinion of such Lender funding a Loan in such currency is impractical, then such currency shall cease to be an Alternative Currency hereunder until such time as all the Lenders reinstate such country’s currency as an Alternative Currency. For the avoidance of doubt, no Alternative Currency shall be available under this Agreement until such time as the Borrowers, the Guarantors, the Lenders and the Agent enter into an amendment to the Credit Agreement re-implementing such Alternative Currencies.

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

“Anti-Money Laundering Laws” means any and all laws, statutes, regulations or obligatory government orders, decrees, ordinances or rules applicable to a Borrower or its Subsidiaries related to terrorism financing or money laundering, including any applicable provision of the Patriot Act.

“Applicable Issuer” means the Issuer of Letters of Credit for the account of a particular Borrower or Borrowers or in a particular jurisdiction or jurisdictions.

“Applicable Issuer’s Cap” means (i) with respect to Bank of Montreal, the U.S. Dollar Equivalent of \$185,000,000, and (ii) with respect to any other Applicable Issuer and its affiliate that is an Issuer hereunder, an amount as set forth in a separate written agreement among the Company, the Agent and the Applicable Issuer.

“Applicable Margin” shall mean with respect to all applicable Loans and fees, the rate per annum specified below for the Leverage Ratio and type of Loan or fee for which the Applicable Margin is being determined:

	Level I <1.25x	Level II ≥1.25x and <2.00x	Level III ≥2.00x and <2.50x	Level IV ≥2.50x and <3.00x	Level V ≥3.00x
Leverage Ratio					
Base Rate	0.125%	0.375%	0.50%	0.625%	0.875%
Loan Margin					
SOFR Loan	1.125%	1.375%	1.50%	1.625%	1.875%
Margin and L/C Participation					
Fee for Financial Letters of Credit					
L/C Participation Fees for Performance Letters of Credit	0.85%	1.05%	1.125%	1.20%	1.40%
Commitment Fee	0.125%	0.150%	0.175%	0.225%	0.25%

provided, however, that the foregoing is subject to the following:

(i) the Leverage Ratio and Adjusted EBITDA shall be determined as at the last day of each fiscal quarter of the Company (commencing with the first full fiscal quarter ending after the Closing Date), with any adjustment in the Applicable Margins resulting from a change therein to be effective five (5) Business Days after receipt by the Agent of the financial statements for such quarter called for by Section 7.5(a) and 7.5(b) hereof (provided that if such financial statements are not submitted within the time limitations of Section 7.5(a) and Section 7.5(b) hereof and would result in an increase in

the Applicable Margins, then such Applicable Margins shall be increased to the appropriate level effective five (5) Business Days after the last date when such financial statements should have been submitted in compliance with Section 7.5(a) or 7.5(b) hereof;

(ii) if the financial statements are not submitted within the time limitations of Section 7.5(a) and 7.5(b), then, at the request of the Required Lenders, the Applicable Margin shall be set at highest level (i.e. Level V) until receipt of such financial statements, and any adjustments to the Applicable Margin after receipt of such financial statements shall be made in accordance with clause (i) above;

(iii) the Applicable Margins for the period from the Closing Date through the first redetermination pursuant to clause (i) above shall be those set forth above for Level I; and

(iv) each determination of the Applicable Margins pursuant to the foregoing shall remain in effect until the Applicable Margins are next redetermined pursuant to the foregoing.

“Application” is defined in Section 1.3(b) hereof and shall include Applications executed by the Borrowers with respect to Existing Letters of Credit.

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

“Assignment and Acceptance” means an assignment and acceptance entered into by a Lender and an Eligible Assignee (with the consent of any party whose consent is required by Section 11.17 hereof), and accepted by the Agent, in substantially the form of Exhibit C or any other form approved by the Agent.

“Authorized Representative” means the Chief Executive Officer, the President, the Chief Financial Officer, the Controller, the Treasurer, the Assistant Treasurer or any further or different persons so named by any Authorized Representative in a written notice to the Agent.

“Available Tenor” means, as of any date of determination and with respect to the then-current Benchmark, as applicable, (x) 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 (y) 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 2.13(d) (but including any tenor for such Benchmark that is added to the definition of “Interest Period” pursuant to Section 2.13).

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

“Bail-In Legislation” means, (a) with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law, regulation rule or requirement for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule and (b) with respect to the United Kingdom, Part I of the United Kingdom Banking Act 2009 (as amended from time to time) and any other law, regulation or rule applicable in the United Kingdom relating to the resolution of unsound or failing banks, investment firms or other financial institutions or their affiliates (other than through liquidation, administration or other insolvency proceedings).

“Base Rate” means, for any day, the rate per annum equal to the greatest of: (a) the rate of interest announced or otherwise established by the Agent from time to time as its prime commercial rate, or its equivalent, for U.S. Dollar loans to borrowers located in the United States as in effect on such day, with any change in the Base Rate resulting from a change in said prime commercial rate to be effective as of the date of the relevant change in said prime commercial rate (it being acknowledged and agreed that such rate may not be the Agent’s best or lowest rate), (b) the sum of (i) the rate determined by the Agent to be the average (rounded upward, if necessary, to the next higher 1/100 of 1%) of the rates per annum quoted to the Agent at approximately 10:00 a.m. (Chicago time) (or as soon thereafter as is practicable) on such day (or, if such day is not a Business Day, on the immediately preceding Business Day) by two or more Federal funds brokers selected by the Agent for sale to the Agent at face value of Federal funds in the secondary market in an amount equal or comparable to the principal amount for which such rate is being determined, *plus* (ii) 1/2 of 1%, (c) Adjusted Term SOFR for a one-month tenor in effect on such day *plus* 1.00% and (d) 0.00%. If the Base Rate is being used as an alternative rate of interest pursuant to Sections 2.7 or 2.13, then the Base Rate shall be the greater of clauses (a), (b) and (d) above and shall be determined without reference to clause (c) above.

“Base Rate Loan” means a U.S. Revolving Loan bearing interest as specified in Section 2.1 hereof.

“Benchmark” means, initially, the Term SOFR Reference Rate; provided that if a Benchmark Transition Event and its related Benchmark Replacement Date has occurred with respect to the Term SOFR Reference Rate or the then-current Benchmark, then *“Benchmark”* means the applicable Benchmark Replacement to the extent that such Benchmark Replacement has replaced such prior benchmark rate pursuant to Section 2.13.

“Benchmark Replacement” means the sum of: (i) the alternate benchmark rate that has been selected by the Agent and the Company giving due consideration to (A) any selection or recommendation of a replacement benchmark rate or the mechanism for determining such a rate by the Relevant Governmental Body or (B) any evolving or then-prevailing market convention for determining a benchmark rate as a replacement to the then-current Benchmark for syndicated credit facilities denominated in the applicable currency at such time in the United States and (ii) the related Benchmark Replacement Adjustment.

If the Benchmark Replacement would be less than the Floor, the Benchmark Replacement will be deemed to be the Floor for the purposes of this Agreement and the other Loan Documents.

“Benchmark Replacement Adjustment” means, with respect to any replacement of the then-current Benchmark with an Unadjusted Benchmark Replacement for any applicable Interest Period and Available Tenor for any setting of such, 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 Agent and the Company for the applicable Corresponding Tenor 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 syndicated credit facilities denominated in the applicable currency at such time in the United States.

“Benchmark Replacement Date” means, with respect to any Benchmark, the earlier to occur of the following events with respect to such then-current Benchmark:

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

(b) in the case of clause (c) of the definition of “Benchmark Transition Event”, the first date on which such Benchmark (or the published component used in the calculation thereof) has been determined and announced by or on behalf of the administrator of such Benchmark (or such component thereof) or the regulatory supervisor for the administrator of such Benchmark (or such component thereof) to be no longer representative; provided, that such non-representativeness or non-compliance will be determined by reference to the most recent statement or publication referenced in such clause (c) and even if any Available Tenor of such Benchmark (or such component thereof) continues to be provided on such date.

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

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

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

successor administrator that will continue to provide any Available Tenor of such Benchmark (or such component thereof);

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

(c) a public statement or publication of information by or on behalf of the administrator of such Benchmark (or the published component used in the calculation thereof) or the regulatory supervisor for the administrator of such Benchmark (or such component thereof) announcing that all Available Tenors of such Benchmark (or such component thereof) are no longer, or as of a specified future date will no longer be, representative.

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

“Benchmark Unavailability Period” means, with respect to any Benchmark, the period (if any) (a) beginning at the time that a Benchmark Replacement Date has occurred if, at such time, no Benchmark Replacement has replaced such then-current Benchmark for all purposes hereunder and under any Loan Document in accordance with Section 2.13 and (b) ending at the time that a Benchmark Replacement has replaced such then-current Benchmark for all purposes hereunder and under any Loan Document in accordance with Section 2.13.

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

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

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

“Borrower DTTP Filing” means a filing to notify HM Revenue & Customs about the U.K. Borrower’s passported loan.

“Borrowers” means (a) the U.S. Borrowers and (b) the U.K. Borrowers, with (i) the term *“Borrowers”* to mean the Borrowers, collectively, and, also each individually, and (ii) all promises and covenants (including promises to pay) and representations and warranties of and by the Borrowers made in the Loan Documents or any instruments or documents delivered pursuant thereto to be and constitute the several promises, covenants, representations and warranties of and by each and all of such corporations, except to the extent explicitly otherwise provided. The term *“Borrower”* appearing in such singular form shall be deemed a reference to any of the Borrowers unless the context in which such term is used shall otherwise require.

“Borrowing” means the total of Loans of a single type in a single currency advanced, continued for an additional Interest Period, or converted from a different type into such type by the Lenders under a Facility on a single date and, in the case of SOFR Loans, for a single Interest Period. Borrowings of Loans are made and maintained ratably from each of the Lenders under a Facility according to their Percentages of such Facility. A Borrowing is *“advanced”* on the day Lenders advance funds comprising such Borrowing to the Borrower, is *“continued”* on the date a new Interest Period for the same type of Loans commences for such Borrowing, and is *“converted”* when such Borrowing is changed from one type of Loans to the other, all as determined pursuant to Section 1.4. Borrowings of Swing Loans are made by the Swing Line Lender in accordance with the procedures set forth in Section 1.8 hereof.

“Business Day” means any day other than a Saturday or Sunday on which banks are not authorized or required to close in Chicago, Illinois and, (i) if the applicable Business Day relates to a Borrowing or payment in an Alternative Currency or to a conversion of a Credit Utilization into U.S. Dollars, a day on which banks and foreign exchange markets are open for business in the city where disbursements of, conversions of, or payments on such Borrowings are to be made and (ii) with respect to all notices and determinations with, and payments of principal and interest on, SOFR Loans, any day which is a Business Day must also be a U.S. Government Securities Business Day.

“Cash Collateralize” means, to pledge and deposit with or deliver to the Agent or the Applicable Issuer, as the case may be, for the benefit of one or more of the Issuers or Lenders, as collateral for L/C Obligations or obligations of Lenders to fund participations in respect of L/C Obligations, cash or deposit account balances subject to a first priority perfected security interest in favor of the Agent or, if the Agent and each Applicable Issuer shall agree in their sole discretion, other credit support, in each case pursuant to documentation in form and substance reasonably satisfactory to the Agent and each Applicable Issuer. *“Cash Collateral”* shall have a meaning correlative to the foregoing and shall include the proceeds of such cash collateral and other credit support.

“CFC” shall mean (i) a *“controlled foreign corporation”* within the meaning of Section 957(a) of the Code or (ii) any U.S. Subsidiary that is treated as a disregarded entity for United States federal income tax purposes that has no material assets other than the capital stock of one or more direct or indirect Subsidiaries that are described in subparagraph (i) hereto.

“Change in Control” means that (i) more than 35% of the Voting Stock of the Company shall at any time and for any reason be owned, either legally or beneficially, by any Person or group of Persons acting in concert or (ii) (1) another Person merges into the Company or the Company consolidates with or merges into any other Person or (2) the Company conveys, transfers or leases all or substantially all its assets to any Person or group, other than any conveyance, transfer or lease between the Company and a wholly owned subsidiary of the Company, in each case, in one transaction or a series of related transactions with the effect that a Person or group becomes the beneficial owner of more than 35% of the Voting Stock of the surviving or transferee Person of such transaction or series; or (iii) during any period of two consecutive years, individuals who at the beginning of such period constituted the Company’s Board of Directors (together with any new directors whose election by the Company’s Board of Directors, or whose nomination for election was previously so approved) cease for any reason to constitute a majority of the Directors then in office.

“Change in Law” means the occurrence, after the date of this Agreement, of any of the following: (a) the adoption or taking effect of any law, rule, regulation or treaty, (b) any change in any law, rule, regulation or treaty or in the administration, interpretation, implementation or application thereof by any Governmental Authority, or (c) the making or issuance of any request, rule, guideline or directive (whether or not having the force of law) by any Governmental Authority; *provided* that notwithstanding anything herein to the contrary, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, regulations, guidelines or directives thereunder or issued in connection therewith and (y) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States 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 or issued.

“Closing Date” means the date upon which all the conditions set forth in Sections 6.1 and 6.2 of this Agreement have been satisfied.

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

“Collateral” means all Properties, rights, interests and privileges from time to time subject to the Liens granted to the Agent by the Collateral Documents or required so to be by the terms hereof.

“Collateral Account” is defined in Section 8.4(b) hereof.

“Collateral Documents” means all security agreements, pledge agreements, hypothecs, assignments, financing statements, debentures and other documents as shall from time to time secure the Loans or any other Obligations.

“Collateral Release Conditions” means the satisfaction of the following: (i) the Company shall have obtained a Corporate Credit Rating of at least BBB- from S&P and a Corporate Family Rating of at least Baa3 from Moody’s, and (ii) no Default or Event of Default has occurred and is continuing.

“Collateral Release Date” means the date on which the Company (a) satisfies the Collateral Release Conditions and (b) provides written notice to the Agent requesting that the Liens on all Collateral of the Company and its Restricted Subsidiaries which are Guarantors granted to or held by the Agent (for the benefit of the Lenders) pursuant to the Collateral Documents be released.

“Commitments” means the Multicurrency Commitments or U.S. Dollar Commitments.

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

“Company” is defined in the introductory paragraph hereof.

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

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

“Consolidated Total Assets” means, as of any date of determination, the net book value of all assets of the Company and its Subsidiaries on such date determined on a consolidated basis in accordance with GAAP.

“Controlled Group” means all members of a controlled group of corporations and all trades or businesses (whether or not incorporated) under common control which, together with the Company or any of its Subsidiaries, are treated as a single employer under Section 414 of the Code.

“Corresponding Tenor” with respect to a Benchmark Replacement, means a tenor (including overnight) having approximately the same length (disregarding business day adjustment) as the applicable tenor for the applicable Interest Period with respect to the then-current Benchmark Replacement.

“Credit Utilization” means the advancing of any Loan, or the issuance of, or extensions of the expiration date or in the increase in the amount of, any Letter of Credit.

“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 event or condition the occurrence of which would, with the passage of time or the giving of notice, or both, constitute an Event of Default.

“Defaulting Lender” means, subject to Section 2.11(b), any Lender that (a) has failed to (i) fund all or any portion of its Loans within two (2) Business Days of the date such Loans were required to be funded hereunder unless such Lender notifies the Agent and the Company in writing that such failure is the result of such Lender’s good faith and reasonable determination that one or more conditions precedent to funding (each of which conditions precedent, together with any applicable default, shall be specifically identified in such writing) has not been satisfied, or (ii) pay to the Agent, any Issuer, the Swing Line Lender or any other Lender any other amount required to be paid by it hereunder (including in respect of its participation in Letters of Credit or Swing Loans) within two (2) Business Days of the date when due, (b) has notified the Company, the Agent or any Issuer or the Swing Line Lender in writing that it does not intend to comply with its funding obligations hereunder, or has made a public statement to that effect (unless such writing or public statement relates to such Lender’s obligation to fund a Loan hereunder and states that such position is based on such Lender’s good faith and reasonable determination that a condition precedent to funding (which condition precedent, together with any applicable default, shall be specifically identified in such writing or public statement) cannot be satisfied), (c) has failed, within three (3) Business Days after written request by the Agent or the Company, to confirm in writing to the Agent and the Company that it will comply with its prospective funding obligations hereunder (*provided* that such Lender shall cease to be a Defaulting Lender pursuant to this clause (c) upon receipt of such written confirmation by the Agent and the Company), or (d) has, or has a direct or indirect parent company that has, at any time after the Closing Date (i) become the subject of a proceeding under any Debtor Relief Law, (ii) had appointed for it a receiver, custodian, conservator, trustee, administrator, assignee for the benefit of creditors or similar Person charged with reorganization or liquidation of its business or assets, including the Federal Deposit Insurance Corporation or any other state or federal regulatory authority acting in such a capacity, or (iii) become the subject of a Bail-in Action; *provided* that a Lender shall not be a Defaulting Lender solely by virtue of the ownership or acquisition of any equity interest in that Lender or any direct or indirect parent company thereof by a Governmental Authority so long as such ownership interest does not result in or provide such Lender with immunity from the jurisdiction of courts within the United States or from the enforcement of judgments or writs of attachment on its assets or permit such Lender (or such Governmental Authority) to reject, repudiate, disavow or disaffirm any contracts or agreements made with such Lender. Any determination by the Agent that a Lender is a Defaulting Lender under clauses (a) through (d) above shall be conclusive and binding absent manifest error, and such Lender shall be deemed to be a Defaulting Lender (subject to Section 2.12(b)) upon delivery of written notice of such determination to the Company, each Issuer, the Swing Line Lender and each Lender.

“Disposition” means the sale, transfer, license, lease or other disposition of any Property (including any disposition of owned stock or other equity interests) by the Company or any Restricted Subsidiary (or the granting of any option or other right to do any of the foregoing).

“Earn-Out Obligations” means an obligation the payment of which is dependent upon the future performance of an asset or assets the sale of which gave rise to such obligation.

“EBITDA” means, with reference to any period, as determined for the Company and its Restricted Subsidiaries on a consolidated basis in accordance with GAAP, Net Income for such period plus all amounts deducted in arriving at such Net Income amount in respect of (i) Interest Expense for such period, (ii) federal, state, provincial, foreign and local income taxes for such period, (iii) all amounts properly charged for depreciation of fixed assets and amortization of intangible assets during such period on the books of the Company and its Restricted Subsidiaries, (iv) other non-cash charges of the Company and its Restricted Subsidiaries during such period including, but not limited to, goodwill and intangible asset impairment charges, and (v) extraordinary, non-recurring cash charges not to exceed \$50,000,000 in the aggregate during any fiscal year and \$200,000,000 in the aggregate during the term of this Agreement (A) relating to any restructuring of the Company and/or its Subsidiaries, (B) incurred in connection with Permitted Acquisitions and investments in Strategic Ventures permitted pursuant to Section 7.12(h) hereof, (C) incurred in connection with sales, transfers, and dispositions of Property of the Company and its Subsidiaries permitted pursuant to Section 7.13 hereof, or (D) that have been approved by the Agent; *provided*, that extraordinary, non-recurring cash charges shall specifically exclude project related losses and write-downs.

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

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

“EEA Resolution Authority” means any public administrative authority or any person entrusted with public administrative authority of any EEA Member Country (including any delegatee) having responsibility for the resolution of any EEA Financial Institution.

“Eligible Assignee” means (a) a Lender, (b) an Affiliate of a Lender, (c) an Approved Fund, and (d) any other Person (other than a natural person) approved by (i) the Agent, (ii) the Issuers, and (iii) unless an Event of Default has occurred and is continuing, the Company (each such approval not to be unreasonably withheld or delayed); *provided* that notwithstanding the foregoing, *“Eligible Assignee”* shall not include any Loan Party or any of such Borrower’s or such Guarantor’s Affiliates or Subsidiaries, a Defaulting Lender or a Sanctioned Person.

“Eligible Line of Business” means any business engaged in as of the date of this Agreement by any Borrower or any Restricted Subsidiary or any other business line reasonably related thereto or any reasonable extensions thereof or a business complimentary or ancillary to such existing businesses.

“EMCOR UK” is defined in the introductory paragraph hereof.

“EMU Legislation” means the legislative measures of the European Council for the introduction of, changeover to, or operation of a single or unified European currency being part of the implementation of the Third Stage.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended from time to time, and any successor statute.

“ERISA Affiliate” means any (i) corporation which is a member of the same controlled group of corporations (within the meaning of Section 414(b) of the Code) as the Company, (ii) partnership or other trade or business (whether or not incorporated) under common control (within the meaning of Section 414(c) of the Code) with any Borrower, and (iii) member of the same affiliated service group (within the meaning of Section 414(m) of the Code) as the Company, any corporation described in clause (i) above or any partnership or trade or business described in clause (ii) above.

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

“Euro” means the single lawful currency for the time being of the Participating Member States.

“Event of Default” means any event or condition specified as such in Section 8.1 hereof.

“Excess Cash” means, at any time the same is to be determined, all cash, cash equivalents and marketable securities of the Company and the Guarantors.

“Excess Stock Collateral” has the meaning assigned thereto in Section 4.1.

“Excluded Swap Obligation” means, with respect to any Guarantor, any Swap Obligation if, and to the extent that, all or a portion of the Guarantee of such Guarantor of, or the grant by such Guarantor of a security interest to secure, such Swap Obligation (or any Guarantee thereof) is or becomes illegal under the Commodity Exchange Act or any rule, regulation or order of the Commodity Futures Trading Commission (or the application or official interpretation of any thereof) by virtue of such Guarantor’s failure for any reason not to constitute an “eligible contract participant” as defined in the Commodity Exchange Act and the regulations thereunder at the time the Guarantee of such Guarantor or the grant of such security interest becomes effective with respect to such related Swap Obligation. If a Swap Obligation arises under a master agreement governing more than one swap, such exclusion shall apply only to the portion of such Swap Obligation that is attributable to swaps for which such Guarantee or security interest is or becomes illegal.

“Excluded Taxes” means any of the following Taxes imposed on or with respect to a Recipient or required to be withheld or deducted from a payment to a Recipient, (a) Taxes imposed on or measured by net income (however denominated), franchise Taxes, and branch profits Taxes, in each case, (i) imposed as a result of such Recipient being organized under the laws of, or having its principal office or its applicable lending office (or relevant office for receiving payments from or on account of the Borrower or making funds available to or for the benefit of the Borrower) located in, the jurisdiction imposing such Tax (or any political subdivision thereof) or (ii) that are Other Connection Taxes, (b) U.S. Federal and United Kingdom withholding Taxes that are or would be required to be withheld pursuant to a law in effect on the date on which (i) such Recipient acquires such interest in the Loan or Commitment (other than pursuant to an assignment request by the Borrower under Section 2.10) or (ii) such Recipient changes its office for receiving payments by or on account of the Borrower or making funds available to or for the benefit of the Borrower, except in each case to the extent that, pursuant to Section 11.1 amounts with respect to such Taxes were payable either to such Recipient's assignor immediately before such Recipient became a party hereto or to such Recipient immediately before it changed its office for receiving payments by or on account of the Borrower or making funds available to or for the benefit of the Borrower, (c) Taxes attributable to such Recipient's failure to comply with Section 11.1(g) and Section 11.1(l), (d) any U.S. federal withholding Taxes imposed under FATCA, and (e) any U.S. backup withholding Taxes.

“Existing Credit Agreement” is defined in the introductory paragraph hereof.

“Existing Letters of Credit” means those certain Letters of Credit issued at the Company's request for the account of the applicable Borrowers by the Applicable Issuer and listed on Schedule 1.3 hereof.

“Facility” means any of any Revolving Facility.

“FATCA” means Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof, and any agreements entered into pursuant to Section 1471(b) of the Code.

“Federal Funds Rate” means the fluctuating interest rate per annum described in part (i) of clause (b) of the definition of Base Rate.

“Finance Lease” means any lease of Property (whether real or personal) which in accordance with GAAP is required to be classified as a finance lease on the balance sheet of the lessee.

“Finance Lease Obligation” means the amount of the liabilities shown on the balance sheet of any Person in respect of a Finance Lease determined in accordance with GAAP. For the avoidance of doubt, “Finance Lease Obligations” shall not include Operating Lease Obligations.

“Financial Letter of Credit” means a Letter of Credit (whether standby or commercial) that is not, as reasonably determined by the Agent, a Performance Letter of Credit.

“Floor” means the rate per annum of interest equal to 0.0%.

“Foreign Lender” means (a) if the Borrower is a U.S. Person, a Lender that is not a U.S. Person, and (b) if the Borrower is not a U.S. Person, a Lender that is resident or organized under the laws of a jurisdiction other than that in which such Borrower is resident for tax purposes.

“Foreign Subsidiary” means as to any particular corporation or other entity, any other corporation or limited liability company organized under the laws of and conducting business primarily in a jurisdiction which is not part of the United States, the Commonwealth of Puerto Rico or the United Kingdom and (i) at least 50.1% of the outstanding Voting Stock of which is at the time directly or indirectly owned by such parent corporation or limited liability company or by one or more other corporations or limited liability companies or other entities which are themselves subsidiaries of such parent corporation or limited liability company, (ii) the Company or a Subsidiary of the Company has effective control over such corporation or limited liability company, and (iii) is not designated as an “Unrestricted Subsidiary”. Foreign Subsidiaries include those Subsidiaries set forth on Schedule 5.2 under the heading “Foreign Subsidiaries.”

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

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

“GAAP” means generally accepted accounting principles in the United States as in effect from time to time.

“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).

“Guaranty Agreements” means instruments of guarantee from the Guarantors of the Obligations satisfactory in form and substance to the Agent.

“Guarantee” of or by any Person means any obligation, contingent or otherwise, of such Person guaranteeing or having the economic effect of guaranteeing any Indebtedness for Borrowed Money or other monetary obligation of any other Person (the *“primary obligor”*) in any manner, whether directly or indirectly, and including any obligation of such Person, direct or indirect, (a) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness for Borrowed Money 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 for Borrowed Money 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 for Borrowed Money or other obligation or (d) as an account party in respect of any letter of credit or letter of guaranty issued to support such Indebtedness for Borrowed Money or obligation; *provided* that the term *Guarantee* shall not include endorsements for collection or deposit in the ordinary course of business.

“Guarantors” means those entities listed on Schedule 4.2 hereto and such other Material Restricted Subsidiaries (other than Restricted Subsidiaries which are not Wholly-Owned Subsidiaries or any captive insurance company or captive surety company) as the Required Lenders may from time to time designate as *Guarantors* in a written notice to the Company or such other Restricted Subsidiaries as the Company may from time to time designate.

“Hedging Liability” means the liability of any Borrower or any Subsidiary to any of the Lenders, or any Affiliates of such Lenders, in respect of any Interest Rate Protection and Other Hedging Agreement as such Borrower or such Subsidiary, as the case may be, may from time to time enter into with any one or more of the Lenders party to this Agreement or their Affiliates; *provided, however,* that, with respect to any *Guarantor*, *Hedging Liability* guaranteed by such *Guarantor* shall exclude all *Excluded Swap Obligations*.

“HM Revenue & Customs” means the HM Revenue & Customs agency of the United Kingdom.

“Hostile Acquisition” means the acquisition of the capital stock or other equity interests of a Person through a tender offer or similar solicitation of the owners of such capital stock or other equity interests which has not been approved (prior to such acquisition) by resolutions of the Board of Directors of such Person or by similar action if such Person is not a corporation, and as to which such approval has not been withdrawn.

“Indebtedness for Borrowed Money” means for any Person (without duplication) all indebtedness created, assumed or incurred in any manner by such Person or in respect of which such Person is directly or indirectly liable, whether by guarantee, commitment to purchase, undertaking to maintain the solvency, liquidity or a balance sheet condition of the obligor, or otherwise representing (i) money borrowed (including by the issuance of debt securities), (ii) indebtedness for the deferred purchase price of property or services (other than trade accounts payable arising in the ordinary course of business and *Earn-Out Obligations*), (iii) indebtedness secured by any Lien upon Property of such Person, whether or not such Person has assumed or become liable for the payment of such indebtedness but if such Person is not liable then such indebtedness shall be included at the lesser of the amount thereof or the fair

market value of the Property securing same, (iv) Finance Lease Obligations of such Person, and (v) all obligations of such Person on or with respect to letters of credit (other than letters of credit which support payment of obligations which do not constitute Indebtedness for Borrowed Money of any Person), and bankers' acceptances. Operating Lease Obligations, obligations for the payment of deferred compensation benefits contemplated by the Company's Voluntary Deferral Plan and Performance Guarantees shall not constitute Indebtedness for Borrowed Money.

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

"Indemnity Agreement" means any General Agreement of Indemnity or other indemnity agreement by and among or any of its Restricted Subsidiaries and the surety party thereto, as amended or modified from time to time.

"Interest Coverage Ratio" means, as at any date the same is to be determined, the ratio of (i) Adjusted EBITDA for the period of twelve calendar months then ending to (ii) Net Interest Expense for the same period.

"Interest Expense" means, with reference to any period, the sum of all interest charges (including imputed interest charges with respect to Finance Lease Obligations and all amortization of debt discount and expense but excluding fees payable under Sections 3.1 and 3.2 hereof) and letter of credit fees and commissions of the Borrowers and the Restricted Subsidiaries for such period determined in accordance with GAAP, but interest paid through the issuance of securities to the holders of the indebtedness in question having a maturity of more than one year from the date of issuance and being of no higher ranking or priority than the indebtedness in question shall not be included in Interest Expense.

"Interest Period" means the period commencing on the date a Borrowing is advanced or continued through a new Interest Period and ending: (a) in the case of a SOFR Loan, 1, 3, or 6 months thereafter and (b) in the case of a Swing Loan, on the date 10 Business Days thereafter; *provided, however,* that:

(i) no Interest Period shall extend beyond the final maturity date of the relevant Loans;

(ii) whenever the last day of any Interest Period would otherwise be a day that is not a Business Day, the last day of such Interest Period shall be extended to the next succeeding Business Day, *provided* that, if such extension would cause the last day of an Interest Period for a Borrowing of SOFR Loans to occur in the following calendar month, the last day of such Interest Period shall be the immediately preceding Business Day;

(iii) for purposes of determining an Interest Period for a Borrowing of SOFR Loans, a month means a period starting on one day in a calendar month and ending on the numerically corresponding day in the next calendar month; *provided, however,* that if there is no numerically corresponding day in the month in which such an Interest Period is to end or if such an Interest Period begins on the last Business Day of a calendar

month, then such Interest Period shall end on the last Business Day of the calendar month in which such Interest Period is to end; and

(iv) no tenor that has been removed from this definition pursuant to Section 2.13 shall be available for specification in such borrowing request or interest election request.

"Interest Rate Protection and Other Hedging Agreements" means one or more of the following agreements entered into by one or more financial institutions:

(a) interest rate protection agreements (including, without limitation, interest rate swaps, caps, floors, collars and similar agreements),

(b) foreign exchange contracts, currency swap agreements or other, similar agreements or arrangements designed to protect against fluctuations in currency values and/or

(c) other types of hedging agreements from time to time.

"Issuer" means (i) BMO Bank N.A. (f/k/a BMO Harris Bank N.A.) and any lender party to the Existing Credit Agreement who issued an Existing Letter of Credit, (ii) Bank of Montreal, and its Affiliates, and (iii) any other Lender who agrees in writing to be an Issuer and is approved by the Agent and the Company as an issuer of Letters of Credit to a particular Borrower or Borrowers hereunder or for use in a particular jurisdiction.

"L/C Documents" means the Letters of Credit, any draft or other document presented in connection with a drawing thereunder, the Applications and this Agreement.

"L/C Obligations" means the aggregate undrawn face amounts of all outstanding Letters of Credit and all unpaid Reimbursement Obligations.

"L/C Participation Fee" is defined in Section 3.3.

"L/C Sublimit" means \$600,000,000, as may be reduced pursuant to the terms hereof.

"Lenders" means and includes Bank of Montreal and the other Persons listed on Schedule 1.1. and any other Person that shall have become party hereto pursuant to an Assignment and Acceptance, other than any such Person that ceases to be a party hereto pursuant to an Assignment and Acceptance. Unless the context requires otherwise, the term *"Lenders"* includes the Swing Line Lender.

"Letter of Credit" is defined in Section 1.3(a) hereof and shall include Existing Letters of Credit.

“Leverage Ratio” means, as of any time the same is to be determined, the ratio of (x) Total Funded Debt minus Excess Cash as of such date, to (y) Adjusted EBITDA for the period of twelve calendar months then ending.

“Lien” means any mortgage, lien, pledge, charge, hypothec or security interest of any kind or nature (whether fixed or floating or of any ambulatory or non-crystallized nature or otherwise) in respect of any Property, excluding operating leases but including the interest of a vendor or lessor under any conditional sale, Finance Lease or other title retention arrangement.

“Loan” means any Revolving Loan or Swing Loan, whether outstanding as a Base Rate Loans or SOFR Loans or otherwise, each of which is a “type” of Loan hereunder.

“Loan Documents” means this Agreement, the Notes (if any), the L/C Documents, the Guaranty Agreements, the Collateral Documents, and each other instrument or document to be delivered hereunder or thereunder or otherwise in connection therewith and any reference to any of the foregoing shall be deemed to include any amendment, novation, supplement substitution or replacement from time to time of any of the foregoing, however fundamental.

“Loan Parties” means the Borrowers and the Guarantors.

“Material Adverse Effect” means, with respect to any act, omission or occurrence, any of the following consequences:

- (a) the material impairment of the ability of the Company or of the Company and the Guarantors taken as a whole to pay or perform their obligations under or pursuant to the Loan Documents;
- (b) any material adverse change in the assets, liabilities, financial condition, operations or business of the Company and its Restricted Subsidiaries taken as whole, or
- (c) any material impairment in the right of the Company and its Restricted Subsidiaries taken as whole to carry on their business substantially as now conducted.

“Material Restricted Subsidiary” means, as of any date of determination, any Restricted Subsidiary whose total assets as of the day of the most recent fiscal quarter ended on or prior to the date of determination were greater than 3.0% of Consolidated Total Assets of the Company as of the last day of the most recently ended fiscal quarter for which the Company shall have delivered financial statements pursuant to Section 7.5(a) or (b) hereof.

“Maximum Leverage Ratio” means 3.25 to 1.0; provided, that in the event that the Company and/or any Restricted Subsidiary consummates a Permitted Acquisition where the total amount expended by the Company and the Restricted Subsidiaries exceed \$100,000,000, then the Maximum Leverage Ratio shall be (i) 3.75 to 1.0 as of the last day of the first and second fiscal quarters following the consummation of such Permitted Acquisition and 3.50 to 1.0 as of the last day of the third and fourth fiscal quarters following the consummation of such Permitted Acquisition or (ii) solely if the Company incurs at least \$300,000,000 of unsecured indebtedness to finance a portion of such Permitted Acquisition, 4.00 to 1.0 as of the last day of the first and second fiscal quarters following the consummation of such Permitted Acquisition, 3.75 to 1.0 as

of the last day of the third and fourth fiscal quarters following the consummation of such Permitted Acquisition, and 3.50 to 1.0 as of the last day of the fifth and sixth fiscal quarters following the consummation of such Permitted Acquisition.

“Multicurrency Commitment” means, as to any Multicurrency Lender and subject to Section 1.1(c) hereof, the obligation of such Multicurrency Lender to make Multicurrency Revolving Loans in an aggregate principal amount at any one time outstanding not to exceed the amount set forth opposite such Multicurrency Lender’s name on Schedule 1.1 attached hereto and made a part hereof, as the same may be increased, reduced or modified at any time or from time to time pursuant to the terms hereof. The Borrowers and the Multicurrency Lenders acknowledge and agree that the Multicurrency Commitments of the Multicurrency Lenders aggregate the U.S. Dollar Equivalent of \$1,300,000,000 on the date hereof.

“Multicurrency Lenders” means and includes Bank of Montreal and each financial institution from time to time party to this agreement with a Multicurrency Commitment as set forth on Schedule 1.1 attached hereto, including each assignee Lender of a Multicurrency Lender pursuant to Section 11.17 hereof.

“Multicurrency Revolving Facility” means the credit facility for making Multicurrency Revolving Loans as set forth herein.

“Multicurrency Revolver Percentage” means, for each Multicurrency Lender, the percentage of the Multicurrency Commitments represented by such Multicurrency Lender’s Multicurrency Commitment or, if the Multicurrency Commitments have been terminated, the percentage held by such Multicurrency Lender of the aggregate principal amount of all Multicurrency Revolving Loans.

“Multicurrency Revolving Loan” is defined in Section 1.1(b) hereof and, as so defined, includes a SOFR Loan made to a Borrower, which is a “type” of Revolving Loan hereunder.

“Moody’s” means Moody’s Investors Service, Inc.

“Net Income” for any period means the net income of the Company and the Restricted Subsidiaries for such period computed on a consolidated basis in accordance with GAAP and, without limiting the foregoing, after deduction from gross income of all expenses and provisions, including provisions for taxes on or measured by income, but excluding any gains or losses on the sale or other Disposition of investments or fixed or capital assets, any extraordinary gains and losses, the cumulative effect of accounting changes (as that term is defined under GAAP) any taxes on such excluded gains, and any tax deductions or credits on account of any such excluded losses.

“Net Interest Expense” means, for any period, Interest Expense paid or payable in cash less all interest income received by the Company and its Restricted Subsidiaries during such period, as determined on a consolidated basis in accordance with GAAP.

“Net Worth” means, as of any time the same is to be determined, the total shareholders’ equity (including capital stock, additional paid-in-capital, warrants, accumulated other comprehensive income (as defined under GAAP) and retained earnings but after deducting treasury stock and, excluding minority interests in Restricted Subsidiaries) which would appear on the balance sheet of a Restricted Subsidiary or of the Company and its Restricted Subsidiaries determined on a consolidated basis in accordance with GAAP.

“Non-Consenting Lender” means any Lender that does not approve any consent, waiver or amendment that (a) requires the approval of all affected Lenders in accordance with the terms of Section 11.4 and (b) has been approved by the Required Lenders.

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

“Notes” is defined in Section 3.8(d) hereof.

“Obligations” shall mean all obligations of the Borrowers to pay principal and interest on the Loans, all Reimbursement Obligations owing under the Applications, all fees and charges payable hereunder, and all other payment obligations of the Loan Parties arising under or in relation to any Loan Document, in each case whether now existing or hereafter arising, due or to become due, direct or indirect, absolute or contingent, and howsoever evidenced, held or acquired (including interest and fees accruing during the pendency of any proceeding under any Debtor Relief Law, regardless of whether allowed or allowable in such proceeding).

“OFAC” means the United States Department of Treasury Office of Foreign Assets Control.

“OFAC Event” means the event specified in Section 7.9(c) hereof.

“OFAC Sanctions Programs” means all laws, regulations, and Executive Orders administered by OFAC, including without limitation, the Bank Secrecy Act, anti-money laundering laws (including, without limitation, the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Pub. L. 107-56 (a/k/a the USA Patriot Act)), and all economic and trade sanction programs administered by OFAC, any and all similar United States federal laws, regulations or Executive Orders, and any similar laws, regulators or orders adopted by any State within the United States.

“OFAC SDN List” means the list of the Specially Designated Nationals and Blocked Persons maintained by OFAC.

“Operating Lease” means any lease of property (whether real or personal) which, in accordance with GAAP, is classified as an operating lease on the balance sheet of the lessee. For the avoidance of doubt, any lease that would not have been a capital lease under GAAP prior to giving effect to FASB ASC 842 (or any similar accounting principle) shall be considered an Operating Lease.

“Operating Lease Obligation” means the amount of the liabilities shown on the balance sheet of any Person in respect of an Operating Lease determined in accordance with GAAP.

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

“Other Taxes” means all present or future stamp, court or documentary, intangible, recording, filing or similar Taxes that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, any Loan Document, except any such Taxes that are Other Connection Taxes imposed with respect to an assignment, grant of a participation, designation of a new office for receiving payments by or on account of the Borrower or other transfer (other than an assignment made pursuant to Section 2.10).

“Participant” has the meaning assigned to such term in clause (d) of Section 11.16.

“Participant Register” has the meaning specified in clause (d) of Section 11.16.

“Participating Interest” is defined in Section 1.3(d) hereof.

“Participating Lender” is defined in Section 1.3(d) hereof.

“Participating Member State” means each State so described in any EMU Legislation.

“Percentage” means for any Lender its Multicurrency Revolver Percentage, Revolver Percentage, or U.S. Revolver Percentage, as applicable; and where the term *“Percentage”* is applied on an aggregate basis, such aggregate percentage shall be calculated by aggregating the separate components of the Revolver Percentage and expressing such components on a single percentage basis.

“Performance Guarantees” means, in respect of the Company or any of the Restricted Subsidiaries, contingent obligations arising from the issuance of performance guarantees, assurances, indemnities, bonds, letters of credit, or similar agreements in the ordinary course of business in respect of the contracts (other than contracts for Indebtedness for Borrowed Money) of the Company, any Restricted Subsidiary, or any Person in which the Company or a Restricted Subsidiary has an equity interest.

“Performance Letters of Credit” means a Letter of Credit that, as reasonably determined by the Agent, assures that the applicable Borrower or Subsidiary will fulfill a contractual non-financial obligation.

"Permitted Acquisition" means any Acquisition with respect to which all of the following conditions shall have been satisfied:

- (a) the Acquired Business has its primary operations within the United States of America, Canada or Europe;
- (b) the Acquired Business is in an Eligible Line of Business or, if such Acquired Business is not in an Eligible Line of Business, then the aggregate consideration (including as such consideration any indebtedness of the Acquired Business assumed or guaranteed by the Company or a Restricted Subsidiary and deferred payment obligations) for such Acquired Business shall not exceed the greater of (i) \$1,125,000,000 and (ii) 20% of Consolidated Total Assets as of the last day of the most recently ended fiscal quarter of the Company for which the Company shall have delivered financial statements pursuant to Section 7.5(a) or (b) hereof;
- (c) the Acquisition shall not be a Hostile Acquisition; and
- (d) after giving effect to the Acquisition (including any Indebtedness for Borrowed Money incurred in connection therewith), (i) no Default or Event of Default shall exist, including with respect to the covenants contained in Section 7.8 hereof on a pro forma basis, and (ii) the Company is in compliance on a pro forma basis as of the last day of the last fiscal quarter for which financial statements have been delivered, with the Maximum Leverage Ratio in effect at the time of such Acquisition (including any increases to the Maximum Leverage Ratio as a result of such Acquisition) and the minimum Interest Coverage Ratio. Such Acquisition shall be deemed to have occurred as of the date the Company enters into a definite agreement with respect to such Acquisition.

"Person" shall mean any person, firm, corporation, limited liability company, partnership, joint venture or other entity.

"Property" shall mean, as to any Person, all types of real, personal, tangible, intangible or mixed property owned by such Person whether or not included in the most recent balance sheet of such Person and its subsidiaries under GAAP.

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

"Quoted Rate" is defined in Section 1.8(c) hereof.

"Recipient" means (a) the Agent, (b) any Lender, and (c) any Issuer, as applicable.

"Reimbursement Obligations" is defined in Section 1.3(c) hereof.

"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 Federal Reserve Board and/or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Federal Reserve Board and/or the Federal Reserve Bank of New York or any successor thereto.

“Required Facility Lenders” means, at any time, with respect to one or more Facilities, Lenders having more than 50% of the Total Credit Exposures of all Lenders under such Facility or Facilities. To the extent provided in the last paragraph of Section 11.4, the Total Credit Exposure of any Defaulting Lender shall be disregarded in determining Required Facility Lenders at any time.

“Required Lenders” means, at any time, Lenders having Total Credit Exposures representing more than 50% of the Total Credit Exposures of all Lenders. To the extent provided in the last paragraph of Section 11.4, the Total Credit Exposure of any Defaulting Lender shall be disregarded in determining Required Lenders at any time.

“Rescindable Amount” is defined in Section 3.7 hereof.

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

“Restricted Payments” is defined in Section 7.14 hereof.

“Restricted Subsidiaries” means those Subsidiaries designated as such on Schedule 5.2 hereof and all other Subsidiaries designated in writing by the Company as “Restricted Subsidiaries” (at which point Section 5.2 shall automatically be deemed updated to include such designated Restricted Subsidiaries). Any corporation or other entity which is a Subsidiary but which is not organized under the laws of, and conducts business primarily in a jurisdiction which is not part of, a State of the United States, the District of Columbia, the Commonwealth of Puerto Rico, or the United Kingdom is not nor shall it become a Restricted Subsidiary unless the Required Lenders consent to the designation of such Subsidiary by the Company as a “Restricted Subsidiary” (at which point Section 5.2 shall automatically be deemed updated to include such designated Restricted Subsidiaries).

“Revolver Percentage” means, for each Lender, the percentage of the total Aggregate Revolving Commitments represented by such Lender’s Aggregate Revolving Commitment or, if the Aggregate Revolving Commitments have been terminated or expired, the percentage of the total Revolving Credit Exposure then outstanding held by such Lender.

“Revolving Credit Exposure” means, at any time, the aggregate principal amount of Revolving Loans, Swing Loans and L/C Obligations outstanding at such time to all Lenders; and

“Revolving Credit Exposure”, as to any Lender at any time, the aggregate principal amount at such time of its outstanding Revolving Loans and such Lender’s participation in L/C Obligations and Swing Loans at such time.

“Revolving Credit Notes” is defined in Section 3.8(d) hereof.

“Revolving Credit Termination Date” means the date that is five (5) years from the Closing Date or such earlier date on which the Aggregate Revolving Commitments are terminated in whole pursuant to Sections 3.5, 3.6, 8.2 or 8.3 hereof.

“Revolving Facility” means either the Multicurrency Revolving Facility or the U.S. Revolving Facility; and *“Revolving Facilities”* means both the Multicurrency Revolving Facility and the U.S. Revolving Facility.

“Revolving Loans” means collectively Multicurrency Revolving Loans and a U.S. Revolving Loans.

“Sanctioned Country” means, at any time, a region, country or territory which is the subject or target of any Sanctions (including Crimea, the so-called Luhansk People’s Republic, the so-called Donetsk People’s Republic, Cuba, Iran, North Korea and Syria).

“Sanctioned Person” means, at any time, (a) any Person listed in any Sanctions-related list of designated Persons maintained by OFAC, the U.S. Department of State, by the United Nations Security Council, the European Union, any EU member state, His Majesty’s Treasury of the United Kingdom or any other relevant sanctions authority, (b) any Person operating, organized or resident in a Sanctioned Country, (c) any Person owned 50% or more or controlled by any such Person or Persons described in the foregoing clauses (a) or (b) or (d) any Person otherwise the subject of Sanctions.

“Sanctions” means economic or financial sanctions or trade embargoes imposed, administered or enforced from time to time by (a) the U.S. government, including those administered by OFAC or the U.S. Department of State, or (b) the United Nations Security Council, the European Union, any EU member state, or His Majesty’s Treasury of the United Kingdom, or any other relevant sanctions authority with jurisdiction over any Borrower or any of their Subsidiaries or Affiliates.

“SOFR” means a rate equal to the secured overnight financing rate as administered by the Federal Reserve Bank of New York (or a successor administrator of the secured overnight financing rate).

“SOFR Loan” means a Revolving Loan bearing interest as specified in Section 2.2 hereof.

“S&P” means Standard & Poor’s Ratings Services Group, a division of The McGraw-Hill Companies, Inc.

“Strategic Ventures” means joint ventures, limited liability companies, partnerships, corporations or similar pooling of efforts entered into for the purpose of expanding the mechanical, electrical, industrial and/or facilities services (or natural extensions thereof) businesses of the Company or any Restricted Subsidiary or entering or expanding a business related to such businesses and includes Restricted Subsidiaries that are not Guarantors. A Restricted Subsidiary which is a Guarantor is not a Strategic Venture.

"Sublimits" means the L/C Sublimit, the Swing Line Sublimit, the Multicurrency Sublimit and the UK Borrowers Sublimit.

"Subsidiary" means, as to any particular parent corporation or other entity, any other entity at least 50.1% of the outstanding Voting Stock of which is at the time directly or indirectly owned by such parent corporation or limited liability company or by any one or more other corporations or limited liability companies or other entities which are themselves subsidiaries of such parent corporation or limited liability company.

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

"Swing Line" means the credit facility for making one or more Swing Loans described in Section 1.8 hereof.

"Swing Line Lender" means Bank of Montreal, acting in its capacity as the Lender of Swing Loans hereunder, or any successor Lender acting in such capacity appointed pursuant to Section 11.17 hereof.

"Swing Line Sublimit" means \$75,000,000, as reduced pursuant to the terms hereof.

"Swing Loan" and *"Swing Loans"* each is defined in Section 1.8 hereof.

"Swing Note" is defined in Section 3.8(d) hereof.

"Tangible Net Worth" means, at any time the same is to be determined, the Net Worth of the Company and its Restricted Subsidiaries determined on a consolidated basis less the sum of (a) all notes receivable from officers and employees of the Company and its Restricted Subsidiaries, (b) the aggregate book value of all assets which would be classified as intangible assets under GAAP, including, without limitation, goodwill, patents, trademarks, trade names, copyrights, franchises and deferred charges (including, without limitation, unamortized debt discount and expense, organization costs and deferred research and development expense) and similar assets and (c) the write-up of assets above cost.

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

"Term SOFR" means for the applicable tenor, the Term SOFR Reference Rate on the day (such day, the *"Term SOFR Determination Day"*) that is two (2) U.S. Government Securities Business Days prior to (a) in the case of SOFR Loans, the first day of such applicable Interest Period, or (b) with respect to Base Rate, such day of determination of the Base Rate, in each case as such rate is published by the Term SOFR Administrator; provided, however, that if as of 5:00 p.m. (New York City time) on any 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 Agent in its reasonable discretion).

“Term SOFR Determination Day” is defined in the definition of *“Term SOFR”*.

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

“Third Stage” means third stage of European economic and monetary union pursuant to the Treaty on European Union.

“Total Credit Exposure” means, as to any Lender at any time, the unused Commitments and Revolving Credit Exposure of such Lender at such time.

“Total Funded Debt” means, at any time the same is to be determined, the aggregate of all Indebtedness for Borrowed Money of the Company and its Restricted Subsidiaries at such time, including all Indebtedness for Borrowed Money of any other Person which is directly or indirectly guaranteed by the Company or any of its Restricted Subsidiaries or which the Company or any of its Restricted Subsidiaries has agreed (contingently or otherwise) to purchase or otherwise acquire or in respect of which the Company or any of its Restricted Subsidiaries has otherwise assured a creditor against loss, it being understood that pursuant to Section 9.4 hereof, Total Funded Debt shall not include Indebtedness for Borrowed Money relating to Finance Leases as permitted by Section 7.10(l) hereof unless the parties agree to accommodate a change in GAAP.

“Treaty on European Union” means the Treaty of Rome of March 25, 1957, as amended by the Single European Act of 1986 and the Maastricht Treaty (which was signed at Maastricht on February 7, 1992, and came into force on November 1, 1993, as amended from time to time).

“U.K. Borrowers” means and includes EMCOR UK and such other Restricted Subsidiaries organized under the laws of the United Kingdom as may from time to time be designated as such in writing by the Company and approved as such in writing by all Lenders (but subject to such conditions and limitations as either the Company or the Lenders may impose).

“U.K. Borrowers Sublimit” is defined in Section 1.1(c)(v) hereof.

“U.K. Subsidiaries” means the U.K. Borrowers and such other Subsidiaries organized under the laws of the United Kingdom.

“U.S. Borrowers” mean the Company and such other Restricted Subsidiaries organized under the laws of a state of the United States of America, the District of Columbia or the Commonwealth of Puerto Rico as may from time to time be designated as such in writing by the Company and approved as such in writing by all Lenders (but subject to such conditions and limitations as either the Company or Lenders may impose).

“U.S. Dollars” or *“\$”* means lawful currency of the United States of America.

“U.S. Dollar Commitment” means, as to any U.S. Lender and subject to Section 1.1(c) hereof, the obligation of such U.S. Lender to make U.S. Revolving Loans, and to participate in Swing Loans and Letters of Credit issued for the account of a U.S. Borrower and its Subsidiaries hereunder in an aggregate principal or face amount at any one time outstanding not to exceed the amount set forth opposite such Lender’s name on Schedule 1.1 attached hereto and made a part hereof, as the same may be increased, reduced or modified at any time or from time to time pursuant to the terms hereof. The Company and the U.S. Lenders acknowledge and agree that the U.S. Dollar Commitments of the U.S. Lenders aggregate \$1,300,000,000 on the date hereof.

“U.S. Dollar Equivalent” means the amount of U.S. Dollars which would be realized by converting an Alternative Currency into U.S. Dollars in the spot market at the exchange rate quoted by the Agent, at approximately 11:00 a.m. (London time) on the date on which a computation thereof is to be made, to major banks in the interbank foreign exchange market for the purchase of U.S. Dollars for such Alternative Currency.

“U.S. Government Securities Business Day” means any day except for (i) a Saturday, (ii) a Sunday or (iii) 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.

“U.S. Lenders” means and includes Bank of Montreal and the other financial institutions from time to time party to this agreement with a U.S. Dollar Commitment as set forth on Schedule 1.1 attached hereto, including each assignee Lender of a U.S. Lender pursuant to Section 11.17 hereof, and unless the context otherwise requires, the Swing Line Lender.

“U.S. Person” means any Person that is a *“United States Person”* as defined in Section 7701(a)(30) of the Code.

“U.S. Revolving Facility” means the credit facility for making U.S. Revolving Loans and Swing Loans and issuing Letters of Credit as set forth herein.

“U.S. Revolving Credit Exposure” means, at any time, the aggregate principal amount of U.S. Revolving Loans, Swing Loans and L/C Obligations for all U.S. Lenders outstanding at such time; and the *“U.S. Revolving Credit Exposure”* for any U.S. Lender at any time means the aggregate principal amount of such Lender’s outstanding U.S. Revolving Loans and its participation in L/C Obligations and Swing Loans at such time.

“U.S. Revolving Loan” is defined in Section 1.1(a) hereof and, as so defined, includes a Base Rate Loan or a SOFR Loan in each case made to the U.S. Borrower, each of which is a “type” of Revolving Loan hereunder.

“U.S. Revolver Percentage” means, for each U.S. Lender, the percentage of the U.S. Dollar Commitments represented by such U.S. Lender’s U.S. Dollar Commitment or, if the U.S. Dollar Commitments have been terminated, the percentage held by such U.S. Lender (including through participation interests in Reimbursement Obligations) of the aggregate principal amount of all U.S. Revolving Loans and L/C Obligations then outstanding.

“U.S. Subsidiaries” means the Subsidiaries of the Company organized under the laws of a state of the United States of America or under the laws of the District of Columbia as may from time to time be designated as such in writing by the Company (but subject to such reasonable conditions and limitations as either the Company or Lenders may impose); *provided*, that U.S. Subsidiaries shall exclude Subsidiaries described in clause (ii) of the definition of CFC.

“U.S. Tax Compliance Certificate” has the meaning assigned to such term in subsection (f) of Section 11.1.

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

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

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

“Unrestricted Subsidiaries” means those Subsidiaries designated as such on Schedule 5.2 hereof.

“Unused Commitments” means, at any time, the difference between the Aggregate Revolving Commitments then in effect and the aggregate outstanding principal amount of Revolving Loans and L/C Obligations; *provided*, that Swing Loans outstanding from time to time shall be deemed to reduce the Unused Commitment of the Swing Line Lender for purposes of computing the commitment fee under Section 3.1 hereof.

“Voluntary Deferral Plan” means the Company’s deferred compensation plan for employees of the Company and its Subsidiaries that are eligible to participate in such plan and includes, in certain circumstances, matching contributions from the Company.

“Voting Stock” of any Person means capital stock or other equity interests of any class or classes (however designated) having ordinary power for the election of directors of such Person, other than stock having such power only by reason of the happening of a contingency.

“Welfare Plan” means a “welfare plan” as defined in Section 3(l) of ERISA.

“Wholly-Owned Subsidiary” means a Subsidiary of which all of the issued and outstanding shares of capital stock (other than directors’ qualifying shares as required by law and other than shares held by others for licensing purposes) or other equity interests are owned by the Company and/or one or more wholly-owned subsidiaries within the meaning of this definition.

“Withholding Agent” means any Loan Party and the Agent.

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

Section 9.2. Interpretation. The foregoing definitions are equally applicable to both the singular and plural forms of the terms defined. The words *“hereof”*, *“herein”*, and *“hereunder”* and words of like import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement. All references to time of day herein are references to Chicago, Illinois time unless otherwise specifically provided. Where the character or amount of any asset or liability or item of income or expense is required to be determined or any consolidation or other accounting computation is required to be made for the purposes of this Agreement, it shall be done in accordance with GAAP except where such principles are inconsistent with the specific provisions of this Agreement.

Section 9.3. Capital Stock. All references in this Agreement to *“capital stock”* shall be deemed to include a reference to shares and all references to *“stockholders”* shall be deemed to include references to shareholders (where appropriate).

Section 9.4. Change in Accounting Principles. If, after the date of this Agreement, there shall occur any change in GAAP from those used in the preparation of the financial statements referred to in Section 5.5 hereof and such change shall result in a change in the method of calculation of any financial covenant, standard or term found in this Agreement, either the Company or the Required Lenders may by notice to the Lenders and the Company, respectively, require that the Lenders and the Company negotiate in good faith to amend such covenants, standards, and terms so as equitably to reflect such change in accounting principles, with the desired result being that the criteria for evaluating the financial condition of the Company and its

Subsidiaries shall be the same as if such change had not been made (it being understood that the refusal by the Company to pay a fee in connection with an amendment to the financial covenants resulting solely from a change in GAAP pursuant to this Section 9.4 shall not be deemed to be in bad faith). No delay by the Company or the Required Lenders in requiring such negotiation shall limit their right to so require such a negotiation at any time after such a change in accounting principles. Until any such covenant, standard, or term is amended in accordance with this Section 9.4, such covenants, standard or terms shall be computed and determined in accordance with GAAP in effect prior to such change in accounting principles. Without limiting the generality of the foregoing, the Company shall neither be deemed to be in compliance with any financial covenant hereunder nor out of compliance with any financial covenant hereunder if such state of compliance or noncompliance, as the case may be, would not exist but for the occurrence of a change in accounting principles after the date hereof.

Section 9.5. *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.

Section 9.6. *Interest Rates.* The Agent does not warrant or accept responsibility for, and shall not have any liability with respect to, in each case, except as expressly set forth in this Agreement (a) the continuation of, administration of, submission of, calculation of or any other matter related to the Benchmark, any component definition thereof or rates referred to in the definition thereof, or 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) will be similar to, or produce the same value or economic equivalence of, or have the same volume or liquidity as, the Benchmark or any other Benchmark prior to its discontinuance or unavailability, or (b) the effect, implementation or composition of any Conforming Changes. The Agent and its affiliates or other related entities may engage in transactions that affect the calculation of the Benchmark, any alternative, successor or replacement rate (including any Benchmark Replacement) and/or any relevant adjustments thereto, in each case, in a manner adverse to the borrowers under all credit facilities agented by the Agent, including the Borrowers under this Agreement. The Agent may select information sources or services in its reasonable discretion to ascertain the Benchmark or any other Benchmark, in each case pursuant to the terms of this Agreement, and shall have no liability to the Borrowers, any Lender or any other person or entity for damages of any kind, including direct or indirect, special, punitive, incidental or consequential damages, costs, losses or expenses (whether in tort, contract or otherwise and whether at law or in equity), for any error or calculation of any such rate (or component thereof) provided by any such information source or service.

Section 10. The Agent.

Section 10.1. Appointment and Authority. Each of the Lenders and the Issuers hereby irrevocably appoints Bank of Montreal to act on its behalf as the Agent hereunder and under the other Loan Documents and authorizes the Agent to take such actions on its behalf and to exercise such powers as are delegated to the Agent by the terms hereof or thereof, together with such actions and powers as are reasonably incidental thereto. The provisions of this Section 10 (other than Section 10.6 with respect to appointing a successor Agent as described therein and Section 10.12) are solely for the benefit of the Agent, the Lenders and the Issuers, and no Borrower or any Restricted Subsidiary shall have rights as a third-party beneficiary of any of such provisions. It is understood and agreed that the use of the term "agent" herein or in any other Loan Documents (or any other similar term) with reference to the Agent is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any applicable law. Instead, such term is used as a matter of market custom and is intended to create or reflect only an administrative relationship between contracting parties.

Section 10.2. Rights as a Lender. The Person serving as the Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not the Agent, and the term "Lender" or "Lenders" shall, unless otherwise expressly indicated or unless the context otherwise requires, include the Person serving as the Agent hereunder in its individual capacity. Such Person and its Affiliates may accept deposits from, lend money to, own securities of, act as the financial advisor or in any other advisory capacity for, and generally engage in any kind of business with, the Borrower or any Subsidiary or other Affiliate thereof as if such Person were not the Agent hereunder and without any duty to account therefor to the Lenders.

Section 10.3. Action by Agent; Exculpatory Provisions. (a) The Agent shall not have any duties or obligations except those expressly set forth herein and in the other Loan Documents, and its duties hereunder shall be administrative in nature. Without limiting the generality of the foregoing, the Agent and its Related Parties:

(i) shall not be subject to any fiduciary or other implied duties, regardless of whether a Default has occurred and is continuing;

(ii) shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby or by the other Loan Documents that the Agent is required to exercise as directed in writing by the Required Lenders (or such other number or percentage of the Lenders as shall be expressly provided for herein or in the other Loan Documents), *provided* that the Agent shall not be required to take any action that, in its opinion or the opinion of its counsel, may expose the Agent to liability or that is contrary to any Loan Document or applicable law, including for the avoidance of doubt any action that may be in violation of the automatic stay under any Debtor Relief Law or that may affect a forfeiture, modification or termination of property of a Defaulting Lender in violation of any Debtor Relief Law. The Agent shall in all cases be fully justified in failing or refusing to act hereunder or under any other Loan Document unless it first receives any further assurances of its indemnification from the Lenders that it may require, including

prepayment of any related expenses and any other protection it requires against any and all costs, expense, and liability which may be incurred by it by reason of taking or continuing to take any such action; and

(iii) shall not, except as expressly set forth herein and in the other Loan Documents, have any duty or responsibility to disclose, and shall not be liable for the failure to disclose, any information relating to any Borrower, Restricted Subsidiary or any of their Affiliates that is communicated to or obtained by the Person serving as the Agent or any of its Affiliates in any capacity.

(b) Neither the Agent nor any of its Related Parties shall be liable for any action taken or not taken by the Agent under or in connection with this Agreement or any other Loan Document or the transactions contemplated hereby or thereby (i) with the consent or at the request of the Required Lenders (or such other number or percentage of the Lenders as shall be necessary, or as the Agent shall believe in good faith shall be necessary, under the circumstances as provided in Sections 3.7 (with respect to application of proceeds), 8.2, 8.3, 8.4, and 11.4), or (ii) in the absence of its own gross negligence or willful misconduct as determined by a court of competent jurisdiction by final and nonappealable judgment. Any such action taken or failure to act pursuant to the foregoing shall be binding on all Lenders. The Agent shall be deemed not to have knowledge of any Default or Event of Default unless and until notice describing such Default or Event of Default is given to the Agent in writing by a Borrower, a Lender, or an Issuer.

(c) Neither the Agent nor any of its Related Parties shall be responsible for or have any duty or obligation to any Lender or Issuer or participant or any other Person to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with this Agreement or any other Loan Document, (ii) the contents of any certificate, report or other document delivered hereunder or thereunder or in connection herewith or therewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein or therein or the occurrence of any Default or Event of Default, (iv) the validity, enforceability, effectiveness or genuineness of this Agreement, any other Loan Document or any other agreement, instrument or document, or the creation, perfection or priority of any Lien purported to be created by the Collateral Documents, (v) the value or sufficiency of any Collateral, or (vi) the satisfaction of any condition set forth in Section 6.1 or 6.2 or elsewhere herein, other than to confirm receipt of items expressly required to be delivered to the Agent.

Section 10.4. Reliance by Agent. The Agent shall be entitled to rely upon, and shall be fully protected in relying and shall not incur any liability for relying upon, any notice, request, certificate, communication, consent, statement, instrument, document or other writing (including any electronic message, Internet or intranet website posting or other distribution) believed by it to be genuine and to have been signed, sent or otherwise authenticated by the proper Person. The Agent also may rely upon any statement made to it orally or by telephone and believed by it to have been made by the proper Person, and shall be fully protected in relying and shall not incur any liability for relying thereon. In determining compliance with any condition hereunder to the making of a Loan, or the issuance, extension, renewal or increase of a Letter of Credit, that by its terms must be fulfilled to the satisfaction of a Lender or an Issuer, the Agent may presume that

such condition is satisfactory to such Lender or Issuer unless the Agent shall have received notice to the contrary from such Lender or Issuer prior to the making of such Loan or the issuance of such Letter of Credit. The Agent may consult with legal counsel (who may be counsel for the Borrowers), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

Section 10.5. Delegation of Duties. The Agent may perform any and all of its duties and exercise its rights and powers hereunder or under any other Loan Document by or through any one or more sub-agents appointed by the Agent. The Agent and any such sub-agent may perform any and all of its duties and exercise its rights and powers by or through their respective Related Parties. The exculpatory provisions of this Section shall apply to any such sub-agent and to the Related Parties of the Agent and any such sub-agent, and shall apply to their respective activities in connection with the syndication of the credit facilities provided hereby as well as activities as Agent. The Agent shall not be responsible for the negligence or misconduct of any sub-agents except to the extent that a court of competent jurisdiction determines in a final and nonappealable judgment that the Agent acted with gross negligence or willful misconduct in the selection of such sub-agents.

Section 10.6. Resignation of Agent. (a) The Agent may at any time give notice of its resignation to the Lenders, the Issuers and the Company. Upon receipt of any such notice of resignation, the Required Lenders shall have the right, in consultation with the Company, to appoint a successor, which shall be a bank with an office in the United States of America, or an Affiliate of any such bank with an office in the United States of America. If no such successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within thirty (30) days after the retiring Agent gives notice of its resignation (or such earlier day as shall be agreed by the Required Lenders) (the “*Resignation Effective Date*”), then the retiring Agent may (but shall not be obligated to), on behalf of the Lenders and the Issuers, appoint a successor Agent meeting the qualifications set forth above. Whether or not a successor has been appointed, such resignation shall become effective in accordance with such notice on the Resignation Effective Date.

(b) With effect from the Resignation Effective Date, (i) the retiring Agent shall be discharged from its duties and obligations hereunder and under the other Loan Documents, and (ii) except for any indemnity payments owed to the retiring or removed Agent, all payments, communications and determinations provided to be made by, to or through the Agent shall instead be made by or to each Lender and Issuer directly, until such time, if any, as the Required Lenders appoint a successor Agent as provided for above. If on the Resignation Effective Date no successor has been appointed and accepted such appointment, the Agent’s rights in the Collateral Documents shall be assigned without representation, recourse or warranty to the Lenders and Issuer as their interests may appear. Upon the acceptance of a successor’s appointment as Agent hereunder, such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring Agent (other than any rights to indemnity payments or other amounts owed to the retiring Agent), and the retiring Agent shall be discharged from all of its duties and obligations hereunder or under the other Loan Documents. The fees payable by the Borrowers to a successor Agent shall be the same as those payable to its

predecessor unless otherwise agreed between the Company and such successor. After the retiring Agent's resignation hereunder and under the other Loan Documents, the provisions of this Section 10 and Section 11.5 shall continue in effect for the benefit of such retiring Agent, its sub-agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while the retiring Agent was acting as Agent.

Section 10.7. Non-Reliance on Agent and Other Lenders. Each Lender and Issuer acknowledges that it has, independently and without reliance upon the Agent or any other Lender or any of their Related Parties and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender and Issuer also acknowledges that it will, independently and without reliance upon the Agent or any other Lender or any of their Related Parties and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any other Loan Document or any related agreement or any document furnished hereunder or thereunder.

Section 10.8. Issuers and Swing Line Lender. Each Issuer shall act on behalf of the Lenders with respect to any Letters of Credit issued by it and the documents associated therewith, and the Swing Line Lender shall act on behalf of the Lenders with respect to the Swing Loans made hereunder. The Issuers and the Swing Line Lender shall each have all of the benefits and immunities (i) provided to the Agent in this Section 10 with respect to any acts taken or omissions suffered by such Issuer in connection with Letters of Credit issued by it or proposed to be issued by it and the Applications pertaining to such Letters of Credit or by the Swing Line Lender in connection with Swing Loans made or to be made hereunder as fully as if the term "Agent", as used in this Section 10, included the Issuers and the Swing Line Lender with respect to such acts or omissions and (ii) as additionally provided in this Agreement with respect to such Issuer or Swing Line Lender, as applicable. Any resignation by the Person then acting as Agent pursuant to Section 10.6 shall also constitute its resignation or the resignation of its Affiliate as Issuer and Swing Line Lender except as it may otherwise agree. If such Person then acting as an Issuer so resigns, it shall retain all the rights, powers, privileges and duties of an Issuer hereunder with respect to all Letters of Credit outstanding that have been issued by such Issuer as of the effective date of its resignation as Issuer and all L/C Obligations with respect thereto, including the right to require the Lenders to make Loans or fund risk participations in Reimbursement Obligations pursuant to Section 1.8. If such Person then acting as Swing Line Lender resigns, it shall retain all the rights of the Swing Line Lender provided for hereunder with respect to Swing Loans made by it and outstanding as of the effective date of such resignation, including the right to require the Lenders to make Loans or fund risk participations in outstanding Swing Loans pursuant to Section 1.8. Upon the appointment by the Company of a successor Issuer or Swing Line Lender hereunder (which successor shall in all cases be a Lender other than a Defaulting Lender), (i) such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring Issuer or Swing Line Lender, as applicable (other than any rights to indemnity payments or other amounts that remain owing to the retiring Issuer or Swing Line Lender), and (ii) the retiring Issuer and Swing Line Lender shall be discharged from all of their respective duties and obligations hereunder or under the other Loan Documents other than with respect to its outstanding Letters of Credit and Swing Loans,

and (iii) upon the request of the resigning Issuer, the successor Issuer shall issue letters of credit in substitution for the Letters of Credit, if any, outstanding at the time of such succession or make other arrangements satisfactory to the resigning Issuer to effectively assume the obligations of the resigning Issuer with respect to such Letters of Credit.

Section 10.9. Hedging Liability. By virtue of a Lender's execution of this Agreement or an Assignment and Acceptance pursuant to Section 11.17, as the case may be, any Affiliate of such Lender with whom any Borrower or any Subsidiary has entered into an agreement creating Hedging Liability shall be deemed a Lender party hereto for purposes of any reference in a Loan Document to the parties for whom the Agent is acting, it being understood and agreed that the rights and benefits of such Affiliate under the Loan Documents consist exclusively of such Affiliate's right to share in payments and collections out of the Collateral and the Guaranty Agreements as more fully set forth in Section 3.7. In connection with any such distribution of payments and collections, or any request for the release of the Guaranty Agreements and the Agent's Liens in connection with the termination of the Commitments and the payment in full of the Obligations, the Agent shall be entitled to assume no amounts are due to any Lender or its Affiliate with respect to Hedging Liability unless such Lender has notified the Agent in writing of the amount of any such liability owed to it or its Affiliate prior to such distribution or payment or release of the Guaranty Agreements and Liens.

Section 10.10. Designation of Additional Agents. The Agent shall have the continuing right, with the consent of the Company (such consent not to be unreasonably withheld or delayed) for purposes hereof, at any time and from time to time to designate one or more of the Lenders (and/or its or their Affiliates) as "syndication agents," "documentation agents," "book runners," "lead arrangers," "arrangers," or other designations for purposes hereto, but such designation shall have no substantive effect, and such Lenders and their Affiliates shall have no additional powers, duties or responsibilities as a result thereof.

Section 10.11. Authorization to Enter into, and Enforcement of, the Collateral Documents; Possession of Collateral The Agent is hereby irrevocably authorized by each of the Lenders and the Issuers to execute and deliver the Collateral Documents on behalf of each of the Lenders, the Issuers, and their Affiliates and to take such action and exercise such powers under the Collateral Documents as the Agent considers appropriate; provided that subject to the last paragraph of Section 11.4, the Agent shall not amend the Collateral Documents unless such amendment is agreed to in writing by the Required Lenders. Upon the occurrence of an Event of Default, the Agent shall take such action to enforce its Lien on the Collateral and to preserve and protect the Collateral as may be directed by the Required Lenders. Unless and until the Required Lenders give such direction, the Agent may (but shall not be obligated to) take or refrain from taking such actions as it deems appropriate and in the best interest of all the Lenders and Issuers. Each Lender and Issuer acknowledges and agrees that it will be bound by the terms and conditions of the Collateral Documents upon the execution and delivery thereof by the Agent. The Agent shall not be responsible for or have a duty to ascertain or inquire into any representation or warranty regarding the existence, value or collectability of the Collateral, the existence, priority or perfection of the Agent's Lien thereon, or any certificate prepared by any Borrower or Restricted Subsidiary in connection therewith, nor shall the Agent be responsible or liable to the Lenders, the Issuers or their Affiliates for any failure to monitor or maintain any portion of the Collateral.

The Lenders and Issuers hereby irrevocably authorize (and each of their Affiliates holding any Hedging Liability entitled to the benefits of the Collateral shall be deemed to authorize) the Agent, based upon the instruction of the Required Lenders, to credit bid and purchase (either directly or through one or more acquisition vehicles) all or any portion of the Collateral at any sale thereof conducted by the Agent (or any security trustee therefore) under the provisions of the Uniform Commercial Code, including pursuant to Sections 9-610 or 9-620 of the Uniform Commercial Code, at any sale thereof conducted under the provisions of the United States Bankruptcy Code, including Section 363 of the United States Bankruptcy Code, or at any sale or foreclosure conducted by the Agent or any security trustee therefore (whether by judicial action or otherwise) in accordance with applicable law. Except as otherwise specifically provided for herein, no Lender, Issuer, or their Affiliates, other than the Agent, shall have the right to institute any suit, action or proceeding in equity or at law for the foreclosure or other realization upon any Collateral or for the execution of any trust or power in respect of the Collateral or for the appointment of a receiver or for the enforcement of any other remedy under the Collateral Documents; it being understood and intended that no one or more of the Lenders or Issuers or their Affiliates shall have any right in any manner whatsoever to affect, disturb or prejudice the Lien of the Agent (or any security trustee therefor) under the Collateral Documents by its or their action or to enforce any right thereunder, and that all proceedings at law or in equity shall be instituted, had, and maintained by the Agent (or its security trustee) in the manner provided for in the relevant Collateral Documents for the benefit of the Lenders, the Issuers, and their Affiliates. Each Lender and Issuer is hereby appointed agent for the purpose of perfecting the Agent's security interest in assets which, in accordance with Article 9 of the Uniform Commercial Code or other applicable law can be perfected only by possession. Should any Lender or Issuer (other than the Agent) obtain possession of any Collateral, such Lender or Issuer shall notify the Agent thereof, and, promptly upon the Agent's request therefor shall deliver such Collateral to the Agent or in accordance with the Agent's instructions.

Section 10.12. Authorization to Release, Limit or Subordinate Liens or to Release Guaranty Agreements. The Agent is hereby irrevocably authorized by each of the Lenders, the Issuers, and their Affiliates to (a) release any Lien covering any Collateral that is sold, transferred, or otherwise disposed of in accordance with the terms and conditions of this Agreement and the relevant Collateral Documents (including a Disposition permitted by the terms of Section 7.13 (including the sale of all of the capital stock of a Restricted Subsidiary permitted by such section) or which has otherwise been consented to in accordance with Section 11.4), (b) release or subordinate any Lien on Collateral consisting of goods financed with purchase money indebtedness or under a Finance Lease to the extent such purchase money indebtedness or Finance Lease Obligation, and the Lien securing the same, are permitted by Sections 7.10 and 7.11, (c) reduce or limit the amount of the indebtedness secured by any particular item of Collateral to an amount not less than the estimated value thereof to the extent necessary to reduce mortgage registry, filing and similar tax, (d) release Liens on the Collateral following the Collateral Release Date or the termination or expiration of the Commitments and payment in full in cash of the Obligations (other than contingent indemnification obligations) and the expiration or termination of all Letters of Credit (other than Letters of Credit that have been Cash Collateralized to the reasonable satisfaction of the Agent and the relevant Issuer) and, if then due, Hedging Liability (other than Hedging Liability under any Interest Rate Protection and

other Hedging Agreements as to which arrangements shall have been made that are reasonably satisfactory to the Lender (or such Lender's Affiliate, if applicable) to which such Hedging Liability is owed), and (e) release any Restricted Subsidiary from its obligations as a Guarantor if such Person ceases to be a Restricted Subsidiary as a result of a transaction permitted under the Loan Documents (including the sale of all of the capital stock of such Restricted Subsidiary permitted by such Section 7.13). Upon the Agent's request, the Required Lenders will confirm in writing the Agent's authority to release or subordinate its interest in particular types or items of Property or to release any Person from its obligations as a Guarantor under the Loan Documents.

Section 10.13. Authorization of Agent to File Proofs of Claim In case of the pendency of any proceeding under any Debtor Relief Law or any other judicial proceeding relative to any Borrower or Material Restricted Subsidiary, the Agent (irrespective of whether the principal of any Loan or L/C Obligation shall then be due and payable as herein expressed or by declaration or otherwise and irrespective of whether the Agent shall have made any demand on the Borrower) shall be entitled and empowered, by intervention in such proceeding or otherwise:

(a) to file and prove a claim for the whole amount of the principal and interest owing and unpaid in respect of the Loans, L/C Obligations and all other Obligations that are owing and unpaid and to file such other documents as may be necessary or advisable in order to have the claims of Lenders, the Issuers and the Agent (including any claim for the reasonable compensation, expenses, disbursements and advances of the Lenders, the Issuers and the Agent and their respective agents and counsel and all other amounts due the Lenders, the Issuers and the Agent under the Loan Documents including, but not limited to, Sections 2.5, 2.8, 3.1, 3.3, and 11.5) allowed in such judicial proceeding; and

(b) to collect and receive any monies or other property payable or deliverable on any such claims and to distribute the same;

and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Lender and Issuer to make such payments to the Agent and, in the event that the Agent shall consent to the making of such payments directly to the Lenders and the Issuers, to pay to the Agent any amount due for the reasonable compensation, expenses, disbursements and advances of the Agent and its agents and counsel, and any other amounts due the Agent under Sections 3.1, 3.3 and 11.5. Nothing contained herein shall be deemed to authorize the Agent to authorize or consent to or accept or adopt on behalf of any Lender or Issuer any plan of reorganization, arrangement, adjustment or composition affecting the Obligations or the rights of any Lender or Issuer or to authorize the Agent to vote in respect of the claim of any Lender or Issuer in any such proceeding.

Section 10.14. Certain ERISA Matters. (a) Each Lender (x) represents and warrants, as of the date such Person became a Lender party hereto, to, and (y) covenants, from the date such Person became a Lender party hereto to the date such Person ceases being a Lender party hereto, for the benefit of, Agent and its Affiliates, and not, for the avoidance of doubt, to or for the benefit of any Loan Party, that at least one of the following is and will be true:

(i) such Lender is not using “plan assets” (within the meaning of Section 3(42) of ERISA or otherwise) of one or more Benefit Plans with respect to such Lender’s entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments or this Agreement;

(ii) the transaction exemption set forth in one or more PTEs, such as PTE 84-14 (a class exemption for certain transactions determined by independent qualified professional asset managers), PTE 95-60 (a class exemption for certain transactions involving insurance company general accounts), PTE 90-1 (a class exemption for certain transactions involving insurance company pooled separate accounts), PTE 91-38 (a class exemption for certain transactions involving bank collective investment funds) or PTE 96-23 (a class exemption for certain transactions determined by in-house asset managers), is applicable with respect to such Lender’s entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments and this Agreement; or

(iii) (A) such Lender is an investment fund managed by a “Qualified Professional Asset Manager” (within the meaning of Part VI of PTE 84-14), (B) such Qualified Professional Asset Manager made the investment decision on behalf of such Lender to enter into, participate in, administer and perform the Loans, the Letters of Credit, the Commitments and this Agreement, (C) the entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments and this Agreement satisfies the requirements of sub-sections (b) through (g) of Part I of PTE 84-14 and (D) to the best knowledge of such Lender, the requirements of subsection (a) of Part I of PTE 84-14 are satisfied with respect to such Lender’s entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments and this Agreement; or

(iv) such other representation, warranty and covenant as may be agreed in writing between Agent, the Borrowers and such Lender.

(b) In addition, unless either (1) sub-clause (i) in the immediately preceding clause (a) is true with respect to a Lender or (2) a Lender has provided another representation, warranty and covenant in accordance with sub-clause (iv) in the immediately preceding clause (a), such Lender further (x) represents and warrants, as of the date such Person became a Lender party hereto, to, and (y) covenants, from the date such Person became a Lender party hereto to the date such Person ceases being a Lender party hereto, for the benefit of, Agent and not, for the avoidance of doubt, to or for the benefit of any Loan Party, that Agent is not a fiduciary with respect to the assets of such Lender involved in such Lender’s entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments and this Agreement (including in connection with the reservation or exercise of any rights by Agent under this Agreement, any Loan Document or any documents related hereto or thereto).

Section 10.15. Recovery of Erroneous Payments Notwithstanding anything to the contrary in this Agreement, if at any time Agent determines (in its sole and absolute discretion) that it has made a payment hereunder in error to any Lender, Swing Line Lender or Issuer, whether or not in respect of an Obligation due and owing by Borrowers at such time, where such payment is a

Rescindable Amount, then in any such event, each such Person receiving a Rescindable Amount severally agrees to repay to Agent forthwith on demand the Rescindable Amount received by such Person in immediately available funds in the currency so received, with interest thereon, for each day from and including the date such Rescindable Amount is received by it to but excluding the date of payment to Agent, at the greater of the Federal Funds Rate and a rate determined by Agent in accordance with banking industry rules on interbank compensation. Each Lender, each Swing Line Lender, and each Issuer irrevocably waives any and all defenses, including any "discharge for value" (under which a creditor might otherwise claim a right to retain funds mistakenly paid by a third party in respect of a debt owed by another), "good consideration", "change of position" or similar defenses (whether at law or in equity) to its obligation to return any Rescindable Amount. Agent shall inform each Lender, Swing Line Lender, or each Issuer that received a Rescindable Amount promptly upon determining that any payment made to such Person comprised, in whole or in part, a Rescindable Amount. Each Person's obligations, agreements and waivers under this Section shall survive the resignation or replacement of the Agent, any transfer of rights or obligations by, or the replacement of, a Lender, Swing Line Lender or Issuer, the termination of the Commitments and/or the repayment, satisfaction or discharge of all Obligations (or any portion thereof) under any Loan Document. The provisions under this Section 10.15 (a) are intended to reflect an agreement among the Lenders (and their Affiliates) and the Agent and (b) shall not constitute or create any obligations on the part of any Loan Party.

Section 11. Miscellaneous.

Section 11.1. Withholding Taxes.

(a) *Certain Defined Terms.* For purposes of this Section, the term "Lender" includes any Issuer and the term "applicable law" includes FATCA.

(b) *Payments Free of Taxes.* Any and all payments by or on account of any obligation of any Loan Party under any Loan Document shall be made without deduction or withholding for any Taxes, except as required by applicable law. If any applicable law (as determined in the good faith discretion of an applicable Withholding Agent) requires the deduction or withholding of any Tax from any such payment by a Withholding Agent, then the applicable Withholding Agent shall be entitled to make such deduction or withholding and shall timely pay the full amount deducted or withheld to the relevant Governmental Authority in accordance with applicable law and, if such Tax is an Indemnified Tax, then the sum payable by the applicable Loan Party shall be increased as necessary so that after such deduction or withholding has been made (including such deductions and withholdings applicable to additional sums payable under this Section) the applicable Recipient receives an amount equal to the sum it would have received had no such deduction or withholding been made.

(c) *Payment of Other Taxes by the Loan Parties.* The Loan Parties shall timely pay to the relevant Governmental Authority in accordance with applicable law, or at the option of the Agent timely reimburse it for the payment of, any Other Taxes.

(d) *Indemnification by the Loan Parties.* The Loan Parties shall jointly and severally indemnify each Recipient, 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 such Recipient or required to be withheld or deducted from a payment to such Recipient 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. A certificate setting forth in reasonable detail a description of such Indemnified Taxes and the amount of such payment or liability delivered to the Company by a Lender (with a copy to the Agent), or by the Agent on its own behalf or on behalf of a Lender, shall be conclusive absent manifest error.

(e) *Indemnification by the Lenders.* Each Lender shall severally indemnify the Agent, within ten (10) days after demand therefor, for (i) any Indemnified Taxes attributable to such Lender (but only to the extent that any Loan Party has not already indemnified the Agent for such Indemnified Taxes and without limiting the obligation of the Loan Parties to do so), (ii) any Taxes attributable to such Lender's failure to comply with the provisions of Section 11.16 relating to the maintenance of a Participant Register and (iii) any Excluded Taxes attributable to such Lender, in each case, that are payable or paid by the Agent in connection with any Loan Document, and any reasonable expenses arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to any Lender by the Agent shall be conclusive absent manifest error. Each Lender hereby authorizes the Agent to set off and apply any and all amounts at any time owing to such Lender under any Loan Document or otherwise payable by the Agent to the Lender from any other source against any amount due to the Agent under this subsection (e).

(f) *Evidence of Payments.* As soon as practicable after any payment of Taxes by any Loan Party to a Governmental Authority pursuant to this Section, such Loan Party shall deliver to the Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Agent.

(g) *Status of Lenders.* (i) Any Lender that is entitled to an exemption from or reduction of withholding Tax with respect to payments made under any Loan Document shall deliver to the Company and the Agent, at the time or times reasonably requested by the Company or the Agent, such properly completed and executed documentation reasonably requested by the Company or the Agent as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any Lender, if reasonably requested by the Company or the Agent, shall deliver such other documentation prescribed by applicable law or reasonably requested by the Company or the Agent as will enable the Company or the Agent to determine whether or not such Lender is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation (other than such documentation set forth in Section 11.1(g)(ii)(A), (ii)(B) and (ii)(D) below) shall not be required if in the Lender's reasonable judgment such completion, execution or submission would subject such Lender to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Lender, (it being understood that providing any information currently required

by any U.S. federal income tax withholding form shall not be considered prejudicial to the position of a Lender).

(ii) Without limiting the generality of the foregoing,

(A) any Lender that is a U.S. Person shall deliver to the Company and the Agent on or prior to the date on which such Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Company or the Agent), executed originals of IRS Form W-9 (or successor form) certifying that such Lender is exempt from U.S. federal backup withholding tax; *provided*, however, that if the Lender is a disregarded entity for U.S. federal income tax purposes, it shall provide the appropriate withholding form of its owner (together with appropriate supporting documentation);

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

(i) in the case of a Foreign Lender claiming the benefits of an income tax treaty to which the United States is a party (x) with respect to payments of interest under any Loan Document, executed originals of IRS Form W-8BEN (or successor form) establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "interest" article of such tax treaty and (y) with respect to any other applicable payments under any Loan Document, IRS Form W-8BEN (or successor form) establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "business profits" or "other income" article of such tax treaty;

(ii) executed originals of IRS Form W-8ECI (or successor form);

(iii) in the case of a Foreign Lender claiming the benefits of the exemption for portfolio interest under Section 881(c) of the Code, (x) a certificate in a form acceptable to the Agent to the effect that such Foreign Lender is not a "bank" within the meaning of Section 881(c)(3)(A) of the Code, a "10 percent shareholder" of the Company within the meaning of Section 881(c)(3)(B) of the Code, or a "controlled foreign corporation" described in Section 881(c)(3)(C) of the Code (a "U.S. Tax Compliance Certificate") and (y) executed originals of IRS Form W-8BEN (or successor form); or

(iv) to the extent a Foreign Lender is not the beneficial owner, executed originals of IRS Form W-8IMY, accompanied by IRS Form W-8ECI, IRS Form W-8BEN, a U.S. Tax Compliance Certificate acceptable to the Agent, IRS Form W-9, and/or other certification documents from each beneficial owner, as applicable (or successor form); *provided* that if the Foreign Lender is a partnership and one or more direct or indirect partners of such Foreign Lender are

claiming the portfolio interest exemption, such Foreign Lender may provide a U.S. Tax Compliance Certificate acceptable to the Agent on behalf of each such direct and indirect partner;

(C) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the Company and the Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Company or the Agent), executed originals of any other form prescribed by applicable law as a basis for claiming exemption from or a reduction in U.S. federal withholding Tax, duly completed, together with such supplementary documentation as may be prescribed by applicable law to permit the Company or the Agent to determine the withholding or deduction required to be made; and

(D) if a payment made to a Lender under any Loan Document would be subject to U.S. federal withholding Tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Lender shall deliver to the Company and the Agent at the time or times prescribed by law and at such time or times reasonably requested by the Company or the Agent such documentation prescribed by applicable law (including as prescribed by Section 1471(b) (3)(C)(i) of the Code) and such additional documentation reasonably requested by the Company or the Agent as may be necessary for the Company and the Agent to comply with their obligations under FATCA and to determine that such Lender has complied with such Lender's obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this clause (D), "FATCA" shall include any amendments made to FATCA after the date of this Agreement.

Each Lender agrees that if any form or certification it previously delivered expires or becomes obsolete or inaccurate in any respect, it shall update such form or certification or promptly notify the Borrower and the Agent in writing of its legal inability to do so.

(h) *Treatment of Certain Refunds.* If any party determines, in its sole discretion exercised in good faith, that it has received a refund of any Taxes as to which it has been indemnified pursuant to this Section (including by the payment of additional amounts pursuant to this Section), it shall pay to the indemnifying party an amount equal to such refund (but only to the extent of indemnity payments made under this Section with respect to the Taxes giving rise to such refund), net of all out-of-pocket expenses (including Taxes) of such indemnified party and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund). Such indemnifying party, upon the request of such indemnified party, shall repay to such indemnified party the amount paid over pursuant to this subsection (h) (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) in the event that such indemnified party is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this subsection (h), in no event will the indemnified party be required to pay any amount to an indemnifying party pursuant to this subsection (h) the payment of which would place the indemnified party in a less favorable net

after-Tax position than the indemnified party would have been in if the Tax subject to indemnification had not been deducted, withheld or otherwise imposed and the indemnification payments or additional amounts giving rise to such refund had never been paid. This subsection shall not be construed to require any indemnified party to make available its Tax returns (or any other information relating to its Taxes that it deems confidential) to the indemnifying party or any other Person.

(i) *Agent.* The Agent shall provide to the Company two duly-signed, properly completed copies of the documentation prescribed in clause (i) or (ii) below, as applicable (together with all required attachments thereto): (i) IRS Form W-9 or any successor thereto, or (ii) (A) IRS Form W-8ECI or any successor thereto, and (B) with respect to payments received on account of any Lender, a U.S. branch withholding certificate on IRS Form W-8IMY or any successor thereto evidencing its agreement with the Borrower to be treated as U.S. Person for U.S. federal withholding purposes. At any time thereafter, the Agent shall provide updated documentation previously provided (or a successor form thereto) when any documentation previously delivered has expired or become obsolete or invalid or otherwise upon the reasonable request of the Company.

(j) *Survival.* Each party's obligations under this Section shall survive the resignation or replacement of the Agent or any assignment of rights by, or the replacement of, a Lender, the termination of the Commitments and the repayment, satisfaction or discharge of all obligations under any Loan Document.

(k) *Timely Notification.* With respect to a claim by a Recipient for indemnification or payment of additional amounts pursuant to this Section 11.1, the Borrower shall not be required to compensate such Recipient for any amount in respect of which the Recipient has received notice of claim, adjustment or assessment more than six (6) months prior to the date that such person notifies the Borrower of the event that gives rise to such claim; *provided* that, if the circumstance giving rise to such claim is retroactive, then such 6-month period referred to above shall be extended to include the period of retroactive effect thereof.

(l) *Additional United Kingdom Withholding Tax Matters.* (i) Subject to (ii) below, each Lender and each UK Borrower which makes a payment to such Lender shall cooperate in completing any procedural formalities necessary for such UK Borrower to obtain authorization to make such payment without withholding or deduction for Taxes imposed under the laws of the United Kingdom.

(ii) (A) A Lender on the day on which the U.K. Borrower initially requests a Borrowing hereunder or the issuance of a Letter of Credit that (x) holds a passport under the HMRC DT Treaty Passport scheme and (y) wishes such scheme to apply to this Agreement, shall promptly provide its scheme reference number and its jurisdiction of tax residence to each UK Borrower and the Agent; and

(B) a Lender which becomes a Lender hereunder after the date the U.K. Borrower requests the initial Borrowing or issuance of a Letter of Credit that (x) holds a passport under the HMRC DT Treaty Passport scheme and (y) wishes such scheme to apply to this Agreement,

shall, upon becoming a Lender, provide its scheme reference number and its jurisdiction of tax residence to each UK Borrower and the Agent, and

(C) Upon satisfying either clause (A) or (B) above, such Lender shall have satisfied its obligation under paragraph (I)(i) above.

(iii) If a Lender has confirmed its scheme reference number and its jurisdiction of tax residence in accordance with paragraph (I)(ii) above, the UK Borrower shall make a Borrower DTTP Filing with respect to such Lender, and shall promptly provide such Lender with a copy of such filing; *provided* that, if:

(A) each UK Borrower making a payment to such Lender has not made a Borrower DTTP Filing in respect of such Lender; or

(B) each UK Borrower making a payment to such Lender has made a Borrower DTTP Filing in respect of such Lender but:

(1) such Borrower DTTP Filing has been rejected by HM Revenue & Customs; or

(2) HM Revenue & Customs has not given such UK Borrower authority to make payments to such Lender without a deduction for tax within 60 days of the date of such Borrower DTTP Filing;

and in each case, such UK Borrower has notified that Lender in writing of either (1) or (2) above, then such Lender and such UK Borrower shall co-operate in completing any additional procedural formalities necessary for such UK Borrower to obtain authorization to make that payment without withholding or deduction for Taxes imposed under the laws of the United Kingdom.

(iv) If a Lender has not confirmed its scheme reference number and jurisdiction of tax residence in accordance with paragraph (I)(ii) above, no UK Borrower shall make a Borrower DTTP Filing or file any other form relating to the HMRC DT Treaty Passport scheme in respect of that Lender's Commitment(s) or its participation in any Loan unless the Lender otherwise agrees.

(v) Each UK Borrower shall, promptly on making a Borrower DTTP Filing, deliver a copy of such Borrower DTTP Filing to the Agent for delivery to the relevant Lender.

(vi) Each Lender shall notify the Borrower and Agent if it determines in its sole discretion that it ceases to be entitled to claim the benefits of an income tax treaty to which the United Kingdom is a party with respect to payments made by any U.K. Borrower hereunder.

Section 11.2. Holidays. If any payment of principal or interest on any of the Loans or any fees shall fall due on a Saturday, Sunday or on another day which is a legal holiday for lenders in the State of New York, (i) interest at the rates such Loans bear for the period prior to maturity shall continue to accrue on such principal from the stated due date thereof to and including the next succeeding Business Day and (ii) such principal, interest and fees shall be payable on such succeeding Business Day.

Section 11.3. No Waiver, Cumulative Remedies. No delay or failure on the part of the Agent, any Issuer or any Lender or on the part of the Agent, any Issuer or any holder of any of the Obligations in the exercise of any power or right shall operate as a waiver thereof, nor as an acquiescence in any default nor shall any single or partial exercise of any power or right preclude any other or further exercise of any other power or right. The rights and remedies hereunder of the Agent, the Issuers, Lenders and of the holders of any of the Obligations are cumulative to, and not exclusive of, any rights or remedies which any of them would otherwise have.

Section 11.4. Amendments. Any provision of this Agreement or the other Loan Documents may be amended or waived if, but only if, such amendment or waiver is in writing and is signed by (a) the Borrowers, (b) the Required Lenders (except as otherwise stated below to require only the consent of the Lenders affected thereby), and (c) if the rights or duties of the Agent, the Issuers, or the Swing Line Lender are affected thereby, the Agent, the Issuers, or the Swing Line Lender, as applicable; *provided* that:

(i) no amendment or waiver pursuant to this Section 11.4 shall (A) increase any Commitment of any Lender without the consent of such Lender or (B) reduce the amount of or postpone the date for any scheduled payment of any principal of (excluding any mandatory prepayments set forth in Section 3.5 herein) or interest on any Loan or of any Reimbursement Obligation or of any fee payable hereunder without the consent of the Lender to which such payment is owing or which has committed to make such Loan or Letter of Credit (or participate therein) hereunder; *provided, however,* that only the consent of the Required Lenders shall be necessary (i) to amend the default rate provided in Section 1.9 or to waive any obligation of the Borrowers to pay interest or fees at the default rate as set forth therein or (ii) to amend any financial covenant hereunder (or any defined term used therein) even if the effect of such amendment would be to reduce the rate of interest or any fee payable hereunder;

(ii) no amendment or waiver pursuant to this Section 11.4 shall, unless signed by each Lender, change the definition of Required Lenders, Alternative Currency, Collateral Release Conditions, Collateral Release Date, U.K. Borrowers or U.S. Borrowers, change the provisions of this Section 11.4, change Section 11.26 in a manner that would affect the ratable sharing of setoffs required thereby, change the application of payments contained in Section 3.7, or affect the number of Lenders required to take any action hereunder or under any other Loan Document;

(iii) no amendment, waiver or consent shall, without the prior written consent of each Lender directly affected thereby: (a) release any material Guarantor (including without limitation, the Company in its capacity as Guarantor), (b) subordinate the Obligations hereunder in right of payment to any other Indebtedness for Borrowed Money, (c) release all or substantially all of the Collateral (except as otherwise provided for in the Loan Documents), or (d) subordinate the Liens securing the Obligations to Liens securing any other Indebtedness for Borrowed Money; and

(iv) no amendment or waiver pursuant to this Section 11.4 shall, unless signed by (A) each Lender under the Revolving Facilities directly affected thereby, extend the

Revolving Credit Termination Date, or (B) the Applicable Issuer, extend the stated expiration date of any Letter of Credit beyond the Revolving Credit Termination Date.

Notwithstanding anything to the contrary herein, (1) no Defaulting Lender shall have any right to approve or disapprove any amendment, waiver or consent hereunder (and any amendment, waiver or consent which by its terms requires the consent of all Lenders or each affected Lender may be effected with the consent of the applicable Lenders other than Defaulting Lenders), except that (x) the Commitment of any Defaulting Lender may not be increased or extended without the consent of such Lender and (y) any waiver, amendment or modification requiring the consent of all Lenders or each affected Lender that by its terms affects any Defaulting Lender more adversely than other affected Lenders shall require the consent of such Defaulting Lender, (2) if the Agent and the Company have jointly identified an obvious error or any error or omission of a technical nature, in each case, in any provision of the Loan Documents, then the Agent and the Company shall be permitted to amend such provision, (3) guarantees, collateral security documents and related documents executed by the Borrowers or any other Restricted Subsidiary in connection with this Agreement may be in a form reasonably determined by the Agent and may be amended, supplemented or waived without the consent of any Lender if such amendment, supplement or waiver is delivered in order to (x) comply with local law or advice of local counsel, (y) cure ambiguities, omissions, mistakes or defects or (z) cause such guarantee, collateral security document or other document to be consistent with this Agreement and the other Loan Documents, and (4) the Company and the Agent may, without the input or consent of any other Lender, effect amendments to this Agreement and the other Loan Documents as may be necessary in the reasonable opinion of the Company and the Agent to effect the provisions of Section 1.10.

Section 11.5. Costs and Expenses. (a) The Borrowers agree to pay on demand all reasonable costs and expenses of the Agent in connection with the negotiation, preparation, execution, delivery, recording or filing or release of the Loan Documents or in connection with any consents hereunder or thereunder or waivers or amendments hereto or thereto or assignments pursuant hereto, including the reasonable fees and expenses of counsel for the Agent with respect to all of the foregoing, and all recording, filing, insurance or other fees, costs and taxes incident to perfecting a Lien upon the collateral security for the Loans and the other Obligations, and all reasonable costs and expenses (including reasonable attorneys' fees) incurred by the Agent, the Issuers, the Lenders or any other holders of the Obligations in connection with any Default or Event of Default or in connection with the enforcement of the Loan Documents, and all reasonable costs, fees and taxes of the types enumerated above incurred in supplementing (and recording or filing supplements to) the Collateral Documents in connection with assignments contemplated by Section 11.17 hereof if counsel to the Agent believes such supplements to be appropriate or desirable; *provided*, that the Borrowers shall only be obligated to pay reasonable attorneys' fees for the one counsel to the Agent in each applicable jurisdiction and one counsel for the Issuers, the Lenders and the other holders in each applicable jurisdiction. The Borrowers agree to indemnify and save the Lenders, the Issuers, the Agent and any of their respective Related Parties and any security trustee for the Agent or the Lenders harmless from any and all liabilities, losses, reasonable costs and reasonable expenses incurred by the Lenders, the Issuers or the Agent or any of their respective Related Parties in connection with any action, suit or

proceeding brought against the Agent, or the Issuers, any security trustee or any Lender or any of their respective Related Parties by any Person which arises out of the transactions contemplated or financed by any of the Loan Documents or out of any action or inaction by the Agent, any security trustee or any Lender thereunder or any of their respective Related Parties, except for liabilities, losses, costs and expenses (x) caused by the gross negligence or willful misconduct of the party seeking to be indemnified or any of its Related Parties, or the material breach by any Lender of its obligations under the Loan Documents, in each case, as determined by a final, nonappealable judgment of a court of competent jurisdiction or (y) incurred by such Affiliate to the extent any such liability, loss, cost or expense does not directly relate to or arise from the transactions contemplated by the Loan Documents. Other than with respect to Taxes resulting from Change in Law, this Section 11.5(a) shall not apply with respect to Taxes other than any Taxes that represent losses, claims or damages arising from any non-Tax claim.

(b) *Reimbursement by Lenders.* To the extent that (i) the Borrowers for any reason fail to indefeasibly pay any amount required under subsection (a) of this Section to be paid by any of them to the Agent (or any sub-agent thereof), any Issuer, any Swing Line Lender or any Related Party or (ii) any liabilities, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever are imposed on, incurred by, or asserted against, Agent, the Issuer, any Swing Line Lender or a Related Party in any way relating to or arising out of this Agreement or any other Loan Document or any action taken or omitted to be taken by Agent, the Issuer, any Swing Line Lender or a Related Party in connection therewith, then, in each case, each Lender severally agrees to pay to the Agent (or any such sub-agent), such Issuer, such Swing Line Lender or such Related Party, as the case may be, such Lender's pro rata share (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought based on each Lender's share of the Total Credit Exposure at such time) of such unpaid amount (including any such unpaid amount in respect of a claim asserted by such Lender); *provided* that with respect to such unpaid amounts owed to any Issuer or Swing Line Lender solely in its capacity as such, only the Lenders party to the Revolving Facility shall be required to pay such unpaid amounts, such payment to be made severally among them based on such Lenders' pro rata share (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought based on each such Lender's share of the Revolving Credit Exposure at such time); and *provided, further*, that the unreimbursed expense or indemnified loss, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against the Agent (or any such sub-agent), such Issuer or such Swing Line Lender in its capacity as such, or against any Related Party of any of the foregoing acting for the Agent (or any such sub-agent), such Issuer or any such Swing Line Lender in connection with such capacity. The obligations of the Lenders under this subsection (c) are subject to the provisions of Section 11.10.

(c) *Waiver of Consequential Damages, Etc.* To the fullest extent permitted by applicable law, the Borrowers shall not assert, and hereby waive, any claim against Agent, any Issuer, Lender or any of their Related Parties, 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. None of the Agent, any Issuer, Lender or any of their Related Parties 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.

(d) *Survival.* Each party's obligations under this Section shall survive the termination of the Loan Documents and payment of the obligations hereunder.

Section 11.6. Acknowledgment of Lenders and Issuers. Each Lender and Issuer acknowledges that (i) the Loan Documents set forth the terms of a commercial lending facility and (ii) in participating as a Lender or Issuer, it is engaged in making, acquiring or holding commercial loans and in providing other facilities set forth herein as may be applicable to such Lender or Issuer, in each case in the ordinary course of business, and not for the purpose of investing in the general performance or operations of the Borrowers, or for the purpose of purchasing, acquiring or holding any other type of financial instrument such as a security (and each Lender and each Issuer agrees not to assert a claim in contravention of the foregoing, such as a claim under the federal or state securities law).

Section 11.7. Survival of Representations and Indemnities. All representations and warranties made herein or in any of the other Loan Documents or in certificates given pursuant hereto or thereto shall survive the execution and delivery of this Agreement and the other Loan Documents, and shall continue in full force and effect with respect to the date as of which they were made as long as any credit is in use or available hereunder. All indemnities and other provisions relative to reimbursement to the Agent, the Issuers and the Lenders of amounts sufficient to protect the yield of the Agent, the Issuers and the Lenders with respect to the Loans and Letters of Credit, shall survive the termination of this Agreement and the payment of the Obligations.

Section 11.8. Construction. The parties hereto acknowledge and agree that this Agreement shall not be construed more favorably in favor of one than the other based upon which party drafted the same, it being acknowledged that all parties hereto contributed substantially to the negotiation and preparation of this Agreement.

Section 11.9. Notices. Except as otherwise specified herein, all notices hereunder and under the other Loan Documents shall be in writing (including, without limitation, notice by facsimile) and shall be given to the relevant party at its address or telecopier number set forth below, or such other address or telecopier number as such party may hereafter specify by notice to the Agent and the Company given by courier, by United States certified or registered mail, by facsimile or by other telecommunication device capable of creating a written record of such notice and its receipt. Notices under the Loan Documents to the Agent, any Lender or Issuer shall be addressed to its address or telecopier number set forth on its Administrative Questionnaire or such other addressed as shall be designated by such party in a written notice given to each other party pursuant to this Section 11.9; and notices under the Loan Documents to any Borrower shall be addressed to the Company at 301 Merritt Seven Corporate Park, Norwalk, Connecticut, 06851, Attention: Chief Executive Officer, Facsimile: (203) 849-7850, with a copy to General Counsel, Facsimile: (203) 849-7830. Each such notice, request or other

communication shall be effective (i) if given by telecopier, when such facsimile is transmitted to the facsimile number specified in this Section or in the relevant Administrative Questionnaire and a confirmation of such facsimile has been received by the sender, (ii) if given by mail, seven days after such communication is deposited in the mail, certified or registered with return receipt requested, addressed as aforesaid or (iii) if given by any other means, when delivered at the addresses specified in this Section or in the relevant Administrative Questionnaire; *provided* that any notice given pursuant to Section 1 hereof shall be effective only upon receipt. Upon the Company's request, the Agent shall provide the Company with a copy of each Lender's Administrative Questionnaire within two Business Days of Company's request therefor.

Section 11.10. Obligations Several. The obligations of the Lenders and Issuers hereunder are several and not joint. Nothing contained in this Agreement and no action taken by the Lenders or Issuers pursuant hereto shall be deemed to constitute the Lenders and Issuers a partnership, association, joint venture or other entity.

Section 11.11. Headings. Article and Section headings used in this Agreement are for convenience of reference only and are not a part of this Agreement for any other purpose.

Section 11.12. Severability of Provisions. Any provision of this Agreement which is unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such unenforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of such provision in any other jurisdiction. All rights, remedies and powers provided in this Agreement and other Loan Documents may be exercised only to the extent that the exercise thereof does not violate any applicable mandatory provisions of law, and all the provisions of this Agreement and other Loan Documents are intended to be subject to all applicable mandatory provisions of law which may be controlling and to be limited to the extent necessary so that they will not render this Agreement or other Loan Documents invalid or unenforceable.

Section 11.13. Counterparts. This Agreement may be executed in any number of counterparts, and by different parties hereto on separate counterparts, and all such counterparts taken together shall be deemed to constitute one and the same instrument.

Section 11.14. Binding Nature and Governing Law. This Agreement shall be binding upon the Borrowers and their successors and assigns, and shall inure to the benefit of the Lenders and the benefit of their successors and assigns, including any subsequent holder of an interest in the Obligations. This Agreement and the rights and duties of the parties hereto shall be construed and determined in accordance with, and shall be governed by the internal laws of the State of New York (including Section 5-1401 and Section 5-1402 of the General Obligations law of the State of New York) without regard to principles of conflicts of law that would cause the internal laws of any other jurisdiction to apply. No Borrower may assign its rights or obligations hereunder without the written consent of all of the Lenders.

Section 11.15. Entire Understanding. This Agreement, together with the other Loan Documents and any agreements between the Company and the Agent concerning fees, constitute the entire understanding of the parties with respect to the subject matter hereof and any prior agreements, whether written or oral, with respect thereto are superseded hereby.

Section 11.16. *Participations.* Any Lender may at any time, without the consent of, or notice to, the Company or the Agent, sell participations to any Person (other than a natural Person (or a holding company, investment vehicle or trust for, or owned and operated for the primary benefit of, a natural person) or the Company or any Guarantor or any their Affiliates or Subsidiaries, a Defaulting Lender or a Sanctioned Person) (each, a “*Participant*”) in all or a portion of such Lender’s rights and/or obligations under this Agreement (including all or a portion of its Commitments and/or the Loans owing to it); *provided* that (i) such Lender’s obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, and (iii) the Borrowers, the Agent, the Issuers and Lenders shall continue to deal solely and directly with such Lender in connection with such Lender’s rights and obligations under this Agreement. For the avoidance of doubt, each Lender shall be responsible for the indemnity under Section 10.8 with respect to any payments made by such Lender to its Participant(s).

Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; *provided* that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, modification or waiver that would reduce the amount of or postpone any fixed date for payment of any Obligation in which such participant has an interest. The Company agrees that each Participant shall be entitled to the benefits of Sections 2.5, 2.8, and 11.1 (subject to the requirements and limitations therein, including the requirements under Section 11.1(g) (it being understood that the documentation required under Section 11.1(g) shall be delivered to the participating Lender)) to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to Section 11.17(b); *provided* that such Participant (A) agrees to be subject to the provisions of Sections 1.1, 1.8 and 2.9 as if it were an assignee under Section 11.7(b); and (B) shall not be entitled to receive any greater payment under Sections 11.1 or 2.8, with respect to any participation, than its participating Lender would have been entitled to receive, except, in the case of a Participant to which the Company has consented, to the extent such entitlement to receive a greater payment results from a Change in Law that occurs after the Participant acquired the applicable participation. Each Lender that sells a participation agrees, at the Company’s request and expense, to use reasonable efforts to cooperate with the Company to effectuate the provisions of Section 2.10 with respect to any Participant. To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 11.27 (Right of Setoff) as though it were a Lender; *provided* that such Participant agrees to be subject to Section 11.26 (Sharing of Payments by Lenders) as though it were a Lender. Each Lender that sells a participation shall, acting solely for this purpose as an agent of the Borrowers (but subject to Section 11.30 hereof), maintain a register on which it enters the name and address of each Participant and the principal amounts (and stated interest) of each Participant’s interest in the Loans or other obligations under the Loan Documents (the “*Participant Register*”); *provided* that no Lender shall have any obligation to disclose all or any portion of the Participant Register (including the identity of any Participant or any information relating to a Participant’s interest in any commitments, loans, letters of credit or its other obligations under any Loan Document) to any Person except to the extent that such disclosure is necessary to establish that such commitment, loan, letter of credit or other obligation is in

registered form under Section 5f.103-1(c) of the United States Treasury Regulations or as otherwise required under applicable law. The entries in the Participant Register shall be conclusive absent manifest error, and such Lender shall treat each Person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary. For the avoidance of doubt, the Agent (in its capacity as Agent) shall have no responsibility for maintaining a Participant Register.

Section 11.17. Assignments.

(a) *Successors and Assigns Generally.* The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that no Borrower may assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of the Agent, each Issuer and each Lender, and no Lender may assign or otherwise transfer any of its rights or obligations hereunder except (i) to an Eligible Assignee in accordance with the provisions of paragraph (b) of this Section, (ii) by way of participation in accordance with the provisions of Section 11.16, or (iii) by way of pledge or assignment of a security interest subject to the restrictions of paragraph (d) of this Section (and any other attempted assignment or transfer by any party hereto shall be null and void). Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby, Participants to the extent provided in Section 11.16 and, to the extent expressly contemplated hereby, the Related Parties of each of the Agent and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) *Assignments by Lenders.* Any Lender may at any time assign to one or more assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitments and the Loans at the time owing to it); provided that (in each case with respect to any Facility) any such assignment shall be subject to the following conditions:

(i) *Minimum Amounts.* (A) in the case of an assignment of the entire remaining amount of the assigning Lender's Commitments and the Loans at the time owing to it (in each case with respect to any Facility) or contemporaneous assignments to related Approved Funds that equal at least the amount specified in paragraph (b)(i)(B) of this Section in the aggregate or in the case of an assignment to a Lender, an Affiliate of a Lender or an Approved Fund, no minimum amount need be assigned; and

(B) in any case not described in paragraph (b)(i)(A) of this Section, the aggregate amount of the relevant Commitment (which for this purpose includes Loans outstanding thereunder) or, if the applicable Commitment is not then in effect, the principal outstanding balance of the Loans of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Acceptance with respect to such assignment is delivered to the Agent or, if "Trade Date" is specified in the Assignment and Acceptance, as of the Trade Date) shall not be less than \$5,000,000, unless each of the Agent and, so long as no Event of Default has occurred and is continuing, the Company otherwise consents (each such consent not to be unreasonably withheld or delayed).

(ii) *Proportionate Amounts.* Each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement with respect to the Loan or the Commitment assigned, except that this clause (ii) shall not prohibit any Lender from assigning all or a portion of its rights and obligations among separate Facilities on a non-pro rata basis.

(iii) *Required Consents.* No consent shall be required for any assignment except to the extent required by paragraph (b)(i)(B) of this Section and, in addition:

(A) the consent of the Company (such consent not to be unreasonably withheld or delayed) shall be required unless (x) an Event of Default has occurred and is continuing at the time of such assignment, or (y) such assignment is to a Lender, an Affiliate of a Lender or an Approved Fund; *provided* that the Company shall be deemed to have consented to any such assignment unless it shall object thereto by written notice to the Agent within five (5) Business Days after having received written notice thereof;

(B) the consent of the Agent (such consent not to be unreasonably withheld or delayed) shall be required for assignments in respect of the Revolving Facility if such assignment is to a Person that is not a Lender with a Commitment in respect of such Revolving Facility, an Affiliate of such Lender or an Approved Fund with respect to such Lender; and

(C) the consent of the Issuers (such consent not to be unreasonably withheld or delayed); and

(D) the consent of the Swing Line Lender (such consent not to be unreasonably withheld or delayed) shall be required for any assignment that increases the obligation of the assignee to participate in exposure under one or more Swing Loans (whether or not then outstanding).

(iv) *Assignment and Acceptance.* The parties to each assignment shall execute and deliver to the Agent an Assignment and Acceptance, together with a processing and recordation fee of \$3,500; *provided* that the Agent may, in its sole discretion, elect to waive such processing and recordation fee in the case of any assignment. The assignee, if it is not a Lender, shall deliver to the Agent an Administrative Questionnaire.

(v) *No Assignment to Certain Persons.* No such assignment shall be made to (A) the Borrowers or any of their Affiliates or Subsidiaries or (B) to any Defaulting Lender or any of its Subsidiaries, or any Person who, upon becoming a Lender hereunder, would constitute any of the foregoing Persons described in this clause (B).

(vi) *No Assignment to Natural Persons.* No such assignment shall be made to a natural Person (or a holding company, investment vehicle or trust for, or owned and operated for the primary benefit of, a natural person).

(vii) *Certain Additional Payments.* In connection with any assignment of rights and obligations of any Defaulting Lender hereunder, no such assignment shall be effective unless and until, in addition to the other conditions thereto set forth herein, the parties to the assignment shall make such additional payments to the Agent in an aggregate amount sufficient, upon distribution thereof as appropriate (which may be outright payment, purchases by the assignee of participations or subparticipations, or other compensating actions, including funding, with the consent of the Company and the Agent, the applicable pro rata share of Loans previously requested but not funded by the Defaulting Lender, to each of which the applicable assignee and assignor hereby irrevocably consent), to (x) pay and satisfy in full all payment liabilities then owed by such Defaulting Lender to the Agent, each Issuer, the Swing Line Lender and each other Lender hereunder (and interest accrued thereon), and (y) acquire (and fund as appropriate) its full pro rata share of all Loans and participations in Letters of Credit and Swing Loans in accordance with its Percentage. Notwithstanding the foregoing, in the event that any assignment of rights and obligations of any Defaulting Lender hereunder shall become effective under applicable law without compliance with the provisions of this paragraph, then the assignee of such interest shall be deemed to be a Defaulting Lender for all purposes of this Agreement until such compliance occurs.

Subject to acceptance and recording thereof by the Agent pursuant to paragraph (c) of this Section, from and after the effective date specified in each Assignment and Acceptance, the assignee thereunder shall be a party to this Agreement and, to the extent of the interest assigned by such Assignment and Acceptance, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Acceptance, be released from its obligations under this Agreement (and, in the case of an Assignment and Acceptance covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto) but shall continue to be entitled to the benefits of Sections 11.5 and 11.27 with respect to facts and circumstances occurring prior to the effective date of such assignment; *provided* that except to the extent otherwise expressly agreed by the affected parties, no assignment by a Defaulting Lender will constitute a waiver or release of any claim of any party hereunder arising from that Lender having been a Defaulting Lender. Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this paragraph shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with Section 11.16.

(c) *Register.* The Agent, acting solely for this purpose as an agent of the Borrowers, shall maintain at one of its offices in Chicago, Illinois a copy of each Assignment and Acceptance delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitments of, and principal amounts (and stated interest) of the Loans owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive absent manifest error, and the Borrowers, the Agent and the Lenders shall treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement. The Register shall be

available for inspection by the Borrowers and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

(d) *Certain Pledges.* Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank; *provided* that no such pledge or assignment shall release such Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto; *provided further, however*, the right of any such pledgee or grantee (other than any Federal Reserve Bank) to further transfer all or any portion of the rights pledged or granted to it, whether by means of foreclosure or otherwise, shall be at all times subject to the terms of this Agreement.

Section 11.18. Terms of Collateral Documents not Superseded. Subject to Section 10.7 hereof, nothing contained herein shall be deemed or construed to permit any act or omission which is prohibited by the terms of any Collateral Document, the covenants and agreements contained herein being in addition to and not in substitution for the covenants and agreements contained in the Collateral Documents.

Section 11.19. Personal Jurisdiction and Jury Trial Waivers.

(a) *Exclusive Jurisdiction.* Except as provided in subsection (b), the Agent, the Lenders and the Borrowers agree that all disputes among them arising out of, connected with, related to, or incidental to the relationship established among them in connection with this Agreement, and whether arising in contract, tort, equity, or otherwise, shall be resolved only by (and each of them for the benefit of the others hereby irrevocably submits to the jurisdiction of) the state or federal courts located in the State of New York sitting in New York County and of the United States District Court of the Southern District of New York, but each of the Agent, the Lenders and the Borrowers acknowledge that any appeals from those courts may have to be heard by a court located outside of New York County, New York. The Borrowers waive in all disputes any objection that they may have to the location of the court considering the dispute.

(b) *Other Jurisdictions.* The Borrowers agree that the Agent, and each of the Lenders shall have the right to proceed against the Borrowers or their Property (“Property”) in a court in any location or jurisdiction to enable the Agent or any Lender to realize on Property, or to enforce a judgment or other court order entered in favor of the Agent or any Lender and, without prejudice to the generality of the foregoing, each Borrower agrees that the Agent or any Lender shall be entitled to commence proceedings (whether for the purpose of obtaining or enforcing any order or judgment or otherwise howsoever) in the courts of the jurisdictions where such Borrower or any of its Property is located.

(c) *Jury Trial Waiver. The Borrowers, the Agent, and each Lender hereby irrevocably waives any and all right to trial by jury in any legal proceeding arising out of or relating to any Loan Document or the transactions contemplated thereby.*

Section 11.20. Currency. Each reference in this Agreement to U.S. Dollars or to an Alternative Currency (the “relevant currency”) is of the essence. To the fullest extent permitted by law, the obligation of each Borrower in respect of any amount due in the relevant currency

under this Agreement or any Loan Document shall, notwithstanding any payment in any other currency (whether pursuant to a judgment or otherwise), be discharged only to the extent of the amount in the relevant currency that the Agent, Issuer or Lender entitled to receive such payment may, in accordance with normal banking procedures, purchase with the sum paid in such other currency (after any premium and costs of exchange) on the Business Day immediately following the day on which such party receives such payment. If the amount in the relevant currency so purchased for any reason falls short of the amount originally due in the relevant currency, the Borrowers shall pay such additional amounts, in the relevant currency, as may be necessary to compensate for the shortfall. Any obligations of the Borrowers not discharged by such payment shall, to the fullest extent permitted by applicable law, be due as a separate and independent obligation and, until discharged as provided herein, shall continue in full force and effect.

Section 11.21. *Currency Equivalence.* If for the purposes of obtaining judgment in any court it is necessary to convert a sum due from any Borrower on the Obligations in the currency expressed to be payable herein or in an Application or under any other Loan Documents (the “specified currency”) into another currency, the parties agree that the rate of exchange used shall be that at which in accordance with normal banking procedures the Agent could purchase the specified currency with such other currency on the Business Day preceding that on which final judgment is given. The obligation of each Borrower in respect of any such sum due to the Agent, any Issuer or any Lender on the Obligations shall, notwithstanding any judgment in a currency other than the specified currency, be discharged only to the extent that on the Business Day following receipt by the Agent, such Issuer or such Lender, as applicable, of any sum adjudged to be so due in such other currency, the Agent, such Issuers or such Lender, as applicable, may in accordance with normal banking procedures purchase the specified currency with such other currency. If the amount of the specified currency so purchased is less than the sum originally due to the Agent, such Issuers or such Lender in the specified currency, the Borrowers agree, as a separate obligation and notwithstanding any such judgment, to indemnify the Agent, such Issuers or such Lender, as the case may be, against such loss, and if the amount of the specified currency so purchased exceeds the amount originally due to the Agent, such Issuer or such Lender in the specified currency, the Agent, such Issuer or such Lender, as the case may be, agrees to remit such excess to the Borrowers.

Section 11.22. *Change in Currency.* (a) If more than one currency or currency unit are at the same time recognized by the central bank of any country as the lawful currency of that country, (i) any reference in any Loan Documents to, and any obligations arising under any Loan Documents in, the currency of that country shall be translated into, and paid in, the currency or currency unit designated by the Agent, after consultation with the Borrowers and the Lenders and (ii) any translation from one currency or currency unit to another shall be at the official rate of exchange recognized by the central bank of that country for the conversion of that currency or currency unit into the other, rounded up or down by the Agent, acting reasonably.

(b) If a change in any currency of a country occurs, the Loan Documents will, to the extent the Agent (acting reasonably) specifies is necessary, be amended to comply with any generally accepted conventions and market practice in any relevant interbank market and otherwise to reflect the change in currency and, if there is no generally accepted convention or market practice, or the Agent considers, in its absolute discretion, that there is no generally

accepted convention or market practice, in such manner and to such extent as the Agent specifies. The Agent will notify the other parties to the relevant Loan Documents of any such amendment, which shall be binding on all the parties to that Loan Document.

(c) The Borrowers shall, from time to time immediately on demand by the Agent, pay to the Agent for the account of any Lender the amount of any costs or increased costs incurred by, or of any reduction in any amount payable to or in the effective return on its capital pursuant to, or of interest or other return foregone by, such Lender or any holding company of such Lender as a result of any change in the currency of a country.

Section 11.23. *Interest Rate Limitation.* Notwithstanding anything herein to the contrary, if at any time the interest rate applicable to any Loan to any Borrower, together with all fees, charges and other amounts which are treated as interest on such Loan under applicable law (collectively, the “Charges”), shall exceed the maximum lawful rate permitted by applicable law (the “Maximum Rate”) which may be contracted for, charged, taken, received or reserved by any one or more of the Lenders holding such Loan in accordance with applicable law, the rate of interest payable in respect of such Loan hereunder, together with all Charges payable in respect thereof, shall be limited to the Maximum Rate and, to the extent lawful, the interest and Charges that would have been payable with respect to such Loan but were not payable as a result of the operation of this Section 11.23 shall be cumulated and the interest and Charges payable to such Lender or Lenders in respect of other Loans shall be increased (but not above the Maximum Rate therefor) until such cumulated amount, together with interest thereon at the rate set out herein, to the date of repayment, shall be have been received by such Lender or Lenders.

Section 11.24. *USA Patriot Act.* Each Lender and Issuer that is subject to the requirements of the USA Patriot Act hereby notifies the Borrowers that pursuant to the requirements of such Act, it is required to obtain, verify, and record information that identifies the Borrowers, which information includes the name and address of the Borrowers and other information that will allow such Lender or Issuer to identify the Borrowers in accordance with the USA Patriot Act.

Section 11.25. *Confidentiality.* Each of the Agent, the Lenders and the Issuers severally agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its and its Affiliates’ directors, officers, employees and agents, including accountants, legal counsel and other advisors to the extent any such Person has a need to know such Information (it being understood that the Persons to whom such disclosure is made will first be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) to the extent requested by any regulatory authority (including any self-regulatory authority, such as the National Association of Insurance Commissioners), (c) to the extent required by applicable laws or regulations or by any subpoena or similar legal process, (d) to any other party hereto, (e) in connection with the exercise of any remedies hereunder or under any other Loan Document or any suit, action or proceeding relating to this Agreement or any other Loan Document or the enforcement of rights hereunder or thereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section, to (A) any assignee of or participant in, or any prospective assignee of or participant in, any of its rights or obligations under this Agreement; *provided, however,* that under no circumstances shall Information be disclosed to a participant or prospective participant whose primary business is in direct competition with the business of the Company and its Subsidiaries

or (B) any actual or prospective counterparty (or its advisors) to any swap or derivative transaction relating to the Company or any of its Subsidiary and its obligations, (g) with the prior written consent of the Company, (h) to the extent such Information (A) becomes publicly available other than as a result of a breach of this Section or (B) becomes available to the Agent, any Lender or Issuer on a non-confidential basis from a source other than the Company or any of its Subsidiaries or any of their directors, officers, employees or agents, including accountants, legal counsel and other advisors, (i) with the prior consent of the Company, to rating agencies if requested or required by such agencies in connection with a rating relating to the Loans, Aggregate Revolving Commitments hereunder, or (j) to entities which compile and publish information about the syndicated loan market, *provided that only basic information about the pricing and structure of the transaction evidenced hereby may be disclosed pursuant to this subsection (j).* For purposes of this Section, “*Information*” means all information received from any Borrower or any Subsidiary or from any other Person on behalf of the Borrowers or Subsidiaries relating to any Borrower or Subsidiary or any of their respective businesses, other than any such information that is available to the Agent, any Lender or Issuer on a nonconfidential basis prior to disclosure by any Borrower or Subsidiary or from any other Person on behalf of the Company or any of its Subsidiaries.

Section 11.26. Sharing of Set-Off. If any Lender shall, by exercising any right of setoff or counterclaim or otherwise, obtain payment in respect of any principal of or interest on any of its Loans or other obligations hereunder resulting in such Lender receiving payment of a proportion of the aggregate amount of its Loans and accrued interest thereon or other such obligations greater than its pro rata share thereof as provided herein, then the Lender receiving such greater proportion shall (a) notify the Agent of such fact, and (b) purchase (for cash at face value) participations in the Loans and such other obligations of the other Lenders, or make such other adjustments as shall be equitable, so that the benefit of all such payments shall be shared by the Lenders ratably in accordance with the aggregate amount of principal of and accrued interest on their respective Loans and other amounts owing them; *provided that:*

(a) if any such participations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations shall be rescinded and the purchase price restored to the extent of such recovery, without interest; and

(b) the provisions of this Section shall not be construed to apply to (x) any payment made by the Borrowers pursuant to and in accordance with the express terms of this Agreement (including the application of funds arising from the existence of a Defaulting Lender), or (y) any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Loans or participations in Obligations to any assignee or participant, other than to any Borrower or any Restricted Subsidiary thereof (as to which the provisions of this Section shall apply).

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

Section 11.27. Set-off. In addition to any rights now or hereafter granted under the Loan Documents or applicable law and not by way of limitation of any such rights, if an Event of Default shall have occurred and be continuing, each Lender, each Issuer, and each of their respective Affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by applicable law, to set off and apply any and all deposits (general or special, time or demand, provisional or final, in whatever currency) at any time held, and other obligations (in whatever currency) at any time owing, by such Lender, such Issuer or any such Affiliate, to or for the credit or the account of the Borrowers or any other Restricted Subsidiary against any and all of the obligations of the Borrowers or such Restricted Subsidiary now or hereafter existing under this Agreement or any other Loan Document to such Lender or such Issuer or their respective Affiliates, irrespective of whether or not such Lender, Issuer or Affiliate shall have made any demand under this Agreement or any other Loan Document and although such obligations of the Borrowers or such Restricted Subsidiary may be contingent or unmatured or are owed to a branch, office or Affiliate of such Lender or such Issuer different from the branch, office or Affiliate holding such deposit or obligated on such indebtedness; *provided* that in the event that any Defaulting Lender shall exercise any such right of setoff, (x) all amounts so set off shall be paid over immediately to the Agent for further application in accordance with the provisions of Section 2.11 and, pending such payment, shall be segregated by such Defaulting Lender from its other funds and deemed held in trust for the benefit of the Agent, the Issuers, and the Lenders, and (y) the Defaulting Lender shall provide promptly to the Agent a statement describing in reasonable detail the Obligations owing to such Defaulting Lender as to which it exercised such right of setoff. The rights of each Lender, each Issuer and their respective Affiliates under this Section are in addition to other rights and remedies (including other rights of setoff) that such Lender, such Issuer or their respective Affiliates may have. Each Lender and Issuer agrees to notify the Company and the Agent promptly after any such setoff and application; *provided* that the failure to give such notice shall not affect the validity of such setoff and application.

Section 11.28. Amendment and Restatement. This Agreement amends and restates the Existing Credit Agreement and is not intended to be or operate as a novation or an accord and satisfaction of the Existing Credit Agreement or the Obligations of the Borrowers evidenced or provided for thereunder. Without limiting the generality of the foregoing, the Borrowers agree that notwithstanding the execution and delivery of this Agreement and the Collateral Documents, the Liens previously granted to the Agent pursuant to the Collateral Documents shall be and remain in full force and effect and that any rights and remedies of the Agent thereunder and obligations of the Borrowers and the Guarantors thereunder shall be and remain in full force and effect, shall not be affected, impaired or discharged thereby and shall secure all of the Loan Parties' indebtedness, Obligations and liabilities to the Agent and the Lenders under the Existing Credit Agreement as amended and restated hereby. Nothing herein contained shall in any manner affect or impair the priority of the Liens created and provided for by the Collateral Documents as to the indebtedness, Obligations and liabilities that would be secured thereby prior to giving effect hereto.

Section 11.29. Equalization of Loans. On the Closing Date, (i) all outstanding loans under the Existing Credit Agreement ("Existing Loans") made by any Person that is a "Lender" under the Existing Credit Agreement which is not a Lender hereunder (each, a "Departing Lender")

shall be repaid in full and the commitments and other obligations and rights (except as expressly set forth in the Existing Credit Agreement) of such Exiting Lender shall be terminated, (ii) all outstanding Existing Loans under the Existing Credit Agreement that are not being repaid under clause (i) above shall be deemed Loans hereunder and the Agent shall make such transfers of funds as are necessary in order that the outstanding balance of such Loans, together with any Loans funded on the Closing Date, shall held by each Lender in accordance with its relevant Percentage, (iii) there shall have been paid in cash in full all accrued but unpaid interest on the Existing Loans to the Closing Date, and (iv) there shall have been paid in cash in full all accrued but unpaid fees under the Existing Credit Agreement due to the Closing Date and all other amounts, costs and expenses then owing to any of the Departing Lenders.

Section 11.30. No Fiduciary Duties. Each Borrower agrees that in connection with all aspects of the transactions contemplated hereby and any communications in connection therewith, such Borrower and its Subsidiaries, on the one hand, and the Agent, the Lead Arrangers, Bookrunners, the Co-Documentation Agents, the Co-Syndication Agents, each Issuer, each Lender and their respective Affiliates, on the other hand, will have a business relationship that does not create, by implication or otherwise, any fiduciary duty on the part of the Agent, the Lead Arrangers, Bookrunners, the Co-Documentation Agents, the Co-Syndication Agents, each Issuer, each Lender or their respective Affiliates and no such duty will be deemed to have arisen in connection with such transactions or communications

Section 11.31. Acknowledgment and Consent to Bail-In of Affected Financial Institutions. Notwithstanding anything to the contrary in any Loan Document or in any other agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any Affected Financial Institution arising under any Loan Document, to the extent such liability is unsecured, may be subject to the write-down and conversion powers of the applicable Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

- (a) the application of any Write-Down and Conversion Powers by the applicable Resolution Authority to any such liabilities arising hereunder which may be payable to it by any party hereto that is an Affected Financial Institution; and
- (b) the effects of any Bail-in Action on any such liability, including, if applicable:
 - (i) a reduction in full or in part or cancellation of any such liability;
 - (ii) a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such Affected Financial Institution, its parent undertaking, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Agreement or any other Loan Document; or
 - (iii) the variation of the terms of such liability in connection with the exercise of the write-down and conversion powers of the applicable Resolution Authority.

Section 11.32. Acknowledgement Regarding Any Supported QFCs. To the extent that the Loan Documents provide support, through a guarantee or otherwise, for any Interest Rate Protection and Other Hedging 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 Federal Deposit Insurance Corporation under the Federal Deposit Insurance Act and Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act (together with the regulations promulgated thereunder, the “U.S. Special Resolution Regimes”) in respect of such Supported QFC and QFC Credit Support (with the provisions below applicable notwithstanding that the Loan Documents and any Supported QFC may in fact be stated to be governed by the laws of the State of New York and/or of the United States or any other state of the United States):

In the event a Covered Entity that is party to a Supported QFC (each, a “Covered Party”) becomes subject to a proceeding under a U.S. Special Resolution Regime, the transfer of such Supported QFC and the benefit of such QFC Credit Support (and any interest and obligation in or under such Supported QFC and such QFC Credit Support, and any rights in property securing such Supported QFC or such QFC Credit Support) from such Covered Party will be effective to the same extent as the transfer would be effective under the U.S. Special Resolution Regime if the Supported QFC and such QFC Credit Support (and any such interest, obligation and rights in property) were governed by the laws of the United States or a state of the United States. In the event a Covered Party or a BHC Act Affiliate of a Covered Party becomes subject to a proceeding under a U.S. Special Resolution Regime, Default Rights under the Credit 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 hereunder with respect to a Defaulting Lender shall in no event affect the rights of any Covered Party under a Supported QFC or any QFC Credit Support.

As used in this Section, 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 to Follow]

Upon your acceptance hereof in the manner hereinafter set forth, this Agreement shall be a contract between us for the purposes hereinabove set forth.

Dated as of the date first written above.

EMCOR Group, Inc.

By _____

Name: Mark A. Pompa
Title: Executive Vice President and Chief
Financial Officer

EMCOR Group (UK) plc

By _____

Name: Mark A. Pompa
Title: Director

[Signature Page to Seventh Amended and Restated Credit Agreement]

Accepted and Agreed to as of the day and year last above written.

Bank of Montreal, as Agent, an Issuer and a Lender

By

Name: _____
Title: _____

BMO Bank N.A, as an Issuer of an Existing L/C

By

Name: _____
Title: _____

[Signature Page to Seventh Amended and Restated Credit Agreement]

[_____], as a Lender

By

Name _____

Title _____

[Signature Page to Seventh Amended and Restated Credit Agreement]

Exhibit A-1
Revolving Credit Note

_____, 20____

For value received, the undersigned, _____, a _____ corporation ("Borrower"), hereby promises to pay to _____ (the "Lender"), at the principal office of Bank of Montreal in Chicago, Illinois, in the currency of each Revolving Loan evidenced hereby in accordance with Section 1 of the Credit Agreement, the aggregate unpaid principal amount of each Revolving Loans made by the Lender to the Borrower pursuant to the Credit Agreement on the due date therefore as specified in the Credit Agreement, together with interest on the principal amount of each Revolving Loan from time to time outstanding hereunder at the rates, and payable in the manner and on the dates specified in the Credit Agreement.

The Lender shall record on its books or records or on a schedule attached to this Note, which is a part hereof, each Revolving Loan made by it pursuant to the Credit Agreement, any repayment of principal and interest and the principal balances from time to time outstanding hereon, and the currency in which made, provided that prior to the transfer of this Note all such amounts shall be recorded on a schedule attached to this Note. The record thereof, whether shown on such books or records or on a schedule to this Note, shall be *prima facie* evidence of the same, provided, however, that the failure of the Lender to record any of the foregoing or any error in any such record shall not limit or otherwise affect the obligation of the Borrowers to repay all Revolving Loans made to them pursuant to the Credit Agreement together with accrued interest thereon.

This Note is one of the Revolving Credit Notes referred to in the Seventh Amended and Restated Credit Agreement dated as of December 20, 2023, among the Borrowers, Bank of Montreal, as Agent, and the Lenders from time to time party thereto (the "Credit Agreement"), and this Note and the holder hereof are entitled to all the benefits provided for thereby or referred to therein, to which Credit Agreement reference is hereby made for a statement thereof. All defined terms used in this Note, except terms otherwise defined herein, shall have the same meaning as in the Credit Agreement.

This Note is issued by the Borrower under the terms and provisions of the Credit Agreement and is secured by the Collateral Documents, and this Note and the holder hereof are entitled to all of the benefits and security provided for thereby or referred to therein, to which reference is hereby made for a statement thereof. This Note may be declared to be, or be and become, due prior to its expressed maturity, voluntary prepayments may be made hereon, and certain prepayments are required to be made hereon, all in the events, on the terms and with the effects provided in the Credit Agreement.

This Note shall be construed in accordance with, and governed by, the internal laws of the State of New York (including Section 5-1401 and Section 5-1402 of the General Obligations law of the State of New York).

[This Note is issued in substitution and replacement for, and evidences all of the indebtedness previously evidenced by, that certain Revolving Credit Note dated as of _____ made by the Borrower in favor of _____.]

The Borrower hereby promises to pay all costs and expenses (including attorneys' fees) suffered or incurred by the holder hereof in collecting this Note or enforcing any rights in any collateral herefor. The Borrower hereby waives presentment for payment and demand.

By _____
Its _____

Exhibit A-2

Swing Note

_____, 20____

For value received, the undersigned, EMCOR Group, Inc., a Delaware corporation ("Borrower"), hereby promises to pay to Bank of Montreal (the "Lender"), at the principal office of Bank of Montreal in Chicago, Illinois, in the currency of each Swing Loan evidenced hereby in accordance with Section 1 of the Credit Agreement, the aggregate unpaid principal amount of each Swing Loans made by the Lender to the Borrower pursuant to the Credit Agreement on the due date therefore as specified in the Credit Agreement, together with interest on the principal amount of each Swing Loan from time to time outstanding hereunder at the rates, and payable in the manner and on the dates specified in the Credit Agreement.

The Lender shall record on its books or records or on a schedule attached to this Note, which is a part hereof, each Swing Loan made by it pursuant to the Credit Agreement, any repayment of principal and interest and the principal balances from time to time outstanding hereon, and the currency in which made, provided that prior to the transfer of this Note all such amounts shall be recorded on a schedule attached to this Note. The record thereof, whether shown on such books or records or on a schedule to this Note, shall be *prima facie* evidence of the same, provided, however, that the failure of the Lender to record any of the foregoing or any error in any such record shall not limit or otherwise affect the obligation of the Borrowers to repay all Swing Loans made to them pursuant to the Credit Agreement together with accrued interest thereon.

This Note is one of the Swing Notes referred to in the Seventh Amended and Restated Credit Agreement dated as of December 20, 2023, among the Borrowers, Bank of Montreal, as Agent, and the Lenders from time to time party thereto (the "Credit Agreement"), and this Note and the holder hereof are entitled to all the benefits provided for thereby or referred to therein, to which Credit Agreement reference is hereby made for a statement thereof. All defined terms used in this Note, except terms otherwise defined herein, shall have the same meaning as in the Credit Agreement.

This Note is issued by the Borrower under the terms and provisions of the Credit Agreement and is secured by the Collateral Documents, and this Note and the holder hereof are entitled to all of the benefits and security provided for thereby or referred to therein, to which reference is hereby made for a statement thereof. This Note may be declared to be, or be and become, due prior to its expressed maturity, voluntary prepayments may be made hereon, and certain prepayments are required to be made hereon, all in the events, on the terms and with the effects provided in the Credit Agreement.

This Note shall be construed in accordance with, and governed by, the internal laws of the State of New York (including Section 5-1401 and Section 5-1402 of the General Obligations law of the State of New York).

[This Note is issued in substitution and replacement for, and evidences all of the indebtedness previously evidenced by, that certain Swing Note dated as of _____ made by the Borrower in favor of _____.]

The Borrower hereby promises to pay all costs and expenses (including attorneys' fees) suffered or incurred by the holder hereof in collecting this Note or enforcing any rights in any collateral herefor. The Borrower hereby waives presentment for payment and demand.

EMCOR Group, Inc.

By _____
Its _____

A-2-2

Exhibit B

EMCOR Group, Inc.

Compliance Certificate

For the Fiscal Quarter Ending _____

To: Bank of Montreal
as Agent under, and the Lenders
party to the Amended and Restated
Credit Agreement described below

This Compliance Certificate is furnished to the Lenders pursuant to the requirements of Section 7.5 of the Seventh Amended and Restated Credit Agreement dated as of December 20, 2023, by and among EMCOR Group, Inc., a Delaware corporation (the "Company"), EMCOR Group (UK) plc, a United Kingdom public limited company and Bank of Montreal, as agent thereunder (the "Agent") and the Lenders named therein (the "Credit Agreement"). Unless otherwise defined herein, the terms used in this Compliance Certificate have the meanings ascribed thereto in the Credit Agreement.

The Undersigned Hereby Certifies That:

1. I am the duly elected _____ of the Company;
2. I have reviewed the terms of the Credit Agreement and I have made, or have caused to be made under my supervision, a detailed review of the transactions and conditions of the Borrowers and Restricted Subsidiaries during the accounting period covered by the financial statements being furnished concurrently with this Certificate;
3. The examinations described in paragraph 2 did not disclose, and I have no knowledge of, the existence of any condition or the occurrence of any event which constitutes a Default or an Event of Default at any time during or at the end of the accounting period covered by the accompanying financial statements or as of the date of this Certificate, except as set forth immediately below;
4. The financial statements required by Section 7.5 of the Credit Agreement and being furnished to you concurrently with this Certificate fairly present in all material respects the financial condition and results of operations of the Company and its Subsidiaries as of the dates and for the periods covered thereby; and
5. Schedule I attached hereto sets forth financial data and computations evidencing the Borrowers' compliance with certain covenants of the Credit Agreement, all of which data and

computations are true, complete and correct and have been made in accordance with the relevant Sections of the Credit Agreement.¹

6. Also attached hereto is a summary of pending litigation which could reasonably be expected to have a Material Adverse Effect.*

Described below are the exceptions, if any, to paragraph 3 by listing, in detail, the nature of the condition or event, the period during which it has existed and the action which the Borrowers have taken, are taking, or propose to take with respect to each such condition or event:

The foregoing certifications, together with the computations set forth in Schedule I attached hereto and the financial statements furnished concurrently with this Certificate in support hereof, are made and delivered as of this _____ day of _____, 20____.

EMCOR Group, Inc.

By: _____
Title: _____
(Type or Print Name)

* Include only quarterly.

Schedule I
EMCOR Group, Inc.
Compliance Calculations
Seventh Amended and Restated Credit Agreement
dated as of December 20, 2023

Calculations as of _____, 20____

A. Leverage Ratio (Section 7.7)

1. Total Funded Debt \$_____
2. Excess Cash \$_____
3. Line A1 minus A2 \$_____
4. Net Income for past 12 calendar months \$_____
5. Interest Expense for past 12 calendar months \$_____
6. Income taxes for past 12 calendar months \$_____
7. Depreciation of fixed assets for past 12 calendar months \$_____
8. Amortization of intangible assets during past 12 calendar months \$_____
9. Non-cash charges of the Company and
its Restricted Subsidiaries for past 12 calendar months \$_____
10. One-time extraordinary cash charges acceptable to the
Agent not to exceed \$50.0 million in any fiscal year and \$200.0
million in the aggregate during the term of this Agreement \$_____
11. Sum of Lines A4, A5, A6, A7, A8, A9 and A10 \$_____
12. Adjustments resulting from Acquisitions during past
12 calendar months (including adjustments for non-recurring
expenses and income reasonably determined by the Company
in good faith and established to the reasonable satisfaction
of the Agent) \$_____
13. Sum of Lines A11 and A12 ("Adjusted EBITDA") \$_____

14. Ratio of Line A3 to Line A13 _____
15. Ratio of Line A14 shall not be more than _____ to 1.0
16. Company is in Compliance Yes/No

B. Interest Coverage Ratio (Section 7.8)

1. Adjusted EBITDA (Line A13 above) \$_____
2. Net Interest Expense (in cash) for past 12 calendar months \$_____
3. All interest income received during past 12 calendar months \$_____
4. Line B2 minus Line B3 \$_____
5. Ratio of Line B1 to Line B4 \$_____
6. B5 shall not be less than 3.00 to 1
7. Company is in Compliance Yes/No

Exhibit C

Assignment and Acceptance

This Assignment and Acceptance (the "Assignment and Acceptance") is dated as of the Effective Date set forth below and is entered into by and between [the][each]¹ Assignor identified in item 1 below ([the][each, an] "Assignor") and [the] [each]² Assignee identified in item 2 below ([the][each, an] "Assignee"). **[It is understood and agreed that the rights and obligations of [the Assignors][the Assignees]³ hereunder are several and not joint.]** Capitalized terms used but not defined herein shall have the meanings given to them in the Credit Agreement identified below (as amended, the "Credit Agreement"), receipt of a copy of which is hereby acknowledged by[the][each] Assignee. The Standard Terms and Conditions set forth in Annex 1 attached hereto are hereby agreed to and incorporated herein by reference and made a part of this Assignment and Acceptance as if set forth herein in full.

For an agreed consideration, [the][each] Assignor hereby irrevocably sells and assigns to[the Assignee][the respective Assignees], and [the][each] Assignee hereby irrevocably purchases and assumes from[the Assignor][the respective Assignors], subject to and in accordance with the Standard Terms and Conditions and the Credit Agreement, as of the Effective Date inserted by the Agent as contemplated below (i) all of [the Assignor's][the respective Assignors'] rights and obligations in [its capacity as a Lender][their respective capacities as Lenders] under the Credit Agreement and any other documents or instruments delivered pursuant thereto to the extent related to the amount and percentage interest identified below of all of such outstanding rights and obligations of [the Assignor][the respective Assignors] under the respective facilities identified below (including without limitation any letters of credit, guarantees, and swing loans included in such facilities), and (ii) to the extent permitted to be assigned under applicable law, all claims, suits, causes of action and any other right of [the Assignor (in its capacity as a Lender)][the respective Assignors (in their respective capacities as Lenders)] against any Person, whether known or unknown, arising under or in connection with the Credit Agreement, any other documents or instruments delivered pursuant thereto or the loan transactions governed thereby or in any way based on or related to any of the foregoing, including, but not limited to, contract claims, tort claims, malpractice claims, statutory claims and all other claims at law or in equity related to the rights and obligations sold and assigned pursuant to clause (i) above (the rights and obligations sold and assigned by [the][any] Assignor to [the][any] Assignee pursuant to clauses (i) and (ii) above being referred to herein collectively as [the][an] "Assigned Interest"). Each such sale and assignment is without recourse to [the][any] Assignor and, except as expressly provided in this Assignment and Acceptance, without representation or warranty by [the][any] Assignor.

¹ For bracketed language here and elsewhere in this form relating to the Assignor(s), if the assignment is from a single Assignor, choose the first bracketed language. If the assignment is from multiple Assignors, choose the second bracketed language.

² For bracketed language here and elsewhere in this form relating to the Assignee(s), if the assignment is to a single Assignee, choose the first bracketed language. If the assignment is to multiple Assignees, choose the second bracketed language.

³ Select as appropriate.

⁴ Include bracketed language if there are either multiple Assignors or multiple Assignees.

1. Assignor[s]: _____

[Assignor [is] [is not] a Defaulting Lender]

2. Assignee[s]: _____

[for each Assignee, indicate [Affiliate][Approved Fund] of [identify Lender]

3. Borrower(s): EMCOR Group, Inc.

4. Agent: Bank of Montreal, as the Agent under the Credit Agreement

5. Credit Agreement: Seventh Amended and Restated Credit Agreement dated as of December 20, 2023 among EMCOR Group, Inc., certain of its Subsidiaries, as Borrowers, the Lenders parties thereto, Bank of Montreal, as Agent, and the other agents parties thereto

6. Assigned Interest[s]:

Assignor[s] ⁵	Assignee[s] ⁶	Facility Assigned ⁷	Aggregate Amount of Commitment/Loans for all Lenders ⁸	Amount of Commitment/Loans Assigned ⁸	Percentage Assigned of Commitment/Loans ⁹
			\$	\$	%
			\$	\$	%
			\$	\$	%

⁵ List each Assignor, as appropriate.

⁶ List each Assignee, as appropriate.

⁷ Fill in the appropriate terminology for the types of facilities under the Credit Agreement that are being assigned under this Assignment (e.g., "Revolving Credit Commitment," etc.)

⁸ Amount to be adjusted by the counterparties to take into account any payments or prepayments made between the Trade Date and the Effective Date.

⁹ Set forth, to at least 9 decimals, as a percentage of the Commitment/Loans of all Lenders thereunder.

[7. Trade Date: _____]¹⁰

¹⁰ To be completed if the Assignor(s) and the Assignee(s) intend that the minimum assignment amount is to be determined as of the Trade Date.

Effective Date: _____, 20____ [To be inserted by Agent and which shall be the effective date of recordation of transfer in the register therefor.]

The terms set forth in this Assignment and Acceptance are hereby agreed to:

Assignor[s]¹¹

[Name of Assignor]

By:

Name: _____

Title: _____

[Name of Assignor]

By:

Name: _____

Title: _____

Assignee[s]¹²

[Name of Assignee]

By:

Name: _____

Title: _____

[Name of Assignee]

By:

Name: _____

Title: _____

¹¹ Add additional signature blocks as needed. Include both Fund/Pension Plan and manager making the trade (if applicable).

¹² Add additional signature blocks as needed. Include both Fund/Pension Plan and manager making the trade (if applicable).

[Consented to and]¹³ Accepted:

Bank of Montreal, as
Agent

By: _____
Name: _____
Title: _____

[Consented to:]¹⁴

EMCOR Group, Inc.

By: _____
Name: _____
Title: _____

¹³ To be added only if the consent of the Agent is required by the terms of the Credit Agreement.

¹⁴ To be added only if the consent of the Company and/or other parties (e.g. Swing Line Lender, Issuer) is required by the terms of the Credit Agreement.

Annex 1

Standard Terms and Conditions for Assignment and Acceptance

Section 1. Representations and Warranties.

Section 1.1. Assignor[s]. **[The][Each]** Assignor (a) represents and warrants that (i) it is the legal and beneficial owner of [the][the relevant] Assigned Interest, (ii) **[the][such]** Assigned Interest is free and clear of any lien, encumbrance or other adverse claim, (iii) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Acceptance and to consummate the transactions contemplated hereby and (iv) it is **[not]** a Defaulting Lender; and (b) assumes no responsibility with respect to (i) any statements, warranties or representations made in or in connection with the Credit Agreement or any other Loan Document, (ii) the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Loan Documents or any collateral thereunder, (iii) the financial condition of the Borrowers, any of their Restricted Subsidiaries or Affiliates or any other Person obligated in respect of any Loan Document, or (iv) the performance or observance by the Borrowers, any of their Restricted Subsidiaries or Affiliates or any other Person of any of their respective obligations under any Loan Document.

Section 1.2. Assignee[s]. **[The][Each]** Assignee (a) represents and warrants that (i) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Acceptance and to consummate the transactions contemplated hereby and to become a Lender under the Credit Agreement, (ii) it meets all the requirements to be an assignee under Section 11.17(b)(iii), (v) and (vi) of the Credit Agreement (subject to such consents, if any, as may be required under Section 11.17(b)(iii) of the Credit Agreement), (iii) from and after the Effective Date, it shall be bound by the provisions of the Credit Agreement as a Lender thereunder and, to the extent of **[the][the relevant]** Assigned Interest, shall have the obligations of a Lender thereunder, (iv) it is sophisticated with respect to decisions to acquire assets of the type represented by the Assigned Interest and either it, or the Person exercising discretion in making its decision to acquire the Assigned Interest, is experienced in acquiring assets of such type, (v) it has received a copy of the Credit Agreement, and has received or has been accorded the opportunity to receive copies of the most recent financial statements delivered pursuant to Section 7.5 thereof, as applicable, and such other documents and information as it deems appropriate to make its own credit analysis and decision to enter into this Assignment and Acceptance and to purchase **[the][such]** Assigned Interest, (vi) it has, independently and without reliance upon the Agent or any other Lender and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Assignment and Acceptance and to purchase **[the][such]** Assigned Interest, and (vii) attached to the Assignment and Acceptance is any documentation required to be delivered by it pursuant to the terms of the Credit Agreement, duly completed and executed by **[the][such]** Assignee; and (b) agrees that (i) it will, independently and without reliance on the Agent, **[the][any]** Assignor or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the

Loan Documents, and (ii) it will perform in accordance with their terms all of the obligations which by the terms of the Loan Documents are required to be performed by it as a Lender.

Section 2. Payments.

From and after the Effective Date, the Agent shall make all payments in respect of [the][each] Assigned Interest (including payments of principal, interest, fees and other amounts) to [the][the relevant] Assignee whether such amounts have accrued prior to, on or after the Effective Date. The Assignor[s] and the Assignee[s] shall make all appropriate adjustments in payments by the Agent for periods prior to the Effective Date or with respect to the making of this assignment directly between themselves. Notwithstanding the foregoing, the Agent shall make all payments of interest, fees or other amounts paid or payable in kind from and after the Effective Date to [the][the relevant] Assignee.

Section 3. General Provisions.

This Assignment and Acceptance shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns. This Assignment and Acceptance may be executed in any number of counterparts, which together shall constitute one instrument. Delivery of an executed counterpart of a signature page of this Assignment and Acceptance by facsimile shall be effective as delivery of a manually executed counterpart of this Assignment and Acceptance. This Assignment and Acceptance shall be governed by, and construed in accordance with, the law of the State of New York (including Section 5-1401 and Section 5-1402 of the General Obligations law of the State of New York).

Exhibit D

Commitment Amount Increase Request

_____, 20__

Bank of Montreal
as Agent (the "Agent")
for the Lenders referred to below
320 South Canal Street
Chicago, Illinois 60606

Attention: John Armstrong, Managing Director

Re: Seventh Amended and Restated Credit Agreement
dated as of December 20, 2023
among EMCOR Group, Inc., the Lenders party thereto and
Bank of Montreal, as Agent
(as amended, modified or supplemented from
time to time, the "Credit Agreement"),

Ladies and Gentlemen:

In accordance with the Credit Agreement, the Company hereby requests that the Agent consent to an increase in the Aggregate Revolving Commitments (the "Commitment Amount Increase"), in accordance with Section 1.10 of the Credit Agreement, to be effected by [an increase in the Aggregate Revolving Commitment of [name of existing Lender] the addition of [name of Additional Lender] (the "Additional Lender") as a Lender under the terms of the Credit Agreement]. Capitalized terms used herein without definition shall have the same meanings herein as such terms have in the Credit Agreement.

After giving effect to such Commitment Amount Increase, and upon the effectiveness of the Commitment Amount Increase, the U.S. Dollar Commitment and/or Multicurrency Commitment of [the Lender increasing its relevant Commitment] [the Additional Lender] will be as set forth on Attachment I hereto.

[Include paragraphs 1-3 for an Additional Lender]

1. The Additional Lender hereby confirms that it has received a copy of the Credit Agreement and the exhibits and schedules related thereto, together with copies of the documents which were required to be delivered under the Credit Agreement as a condition to the making of the Loans and other extensions of credit thereunder. The Additional Lender acknowledges and agrees that it has made and will continue to make, independently and without reliance upon the Agent or any other Lender and based on such documents and information as it has deemed

appropriate, its own credit analysis and decisions relating to the Credit Agreement. The Additional Lender further acknowledges and agrees that the Agent has not made any representations or warranties about the credit worthiness of the Company or any other party to the Credit Agreement or with respect to the legality, validity, sufficiency or enforceability of the Credit Agreement or the value of any security herefore.

2. Except as otherwise provided in the Credit Agreement, effective as of the date of acceptance hereof by the Agent, the Additional Lender agrees to be bound by the terms and conditions set forth in the Credit Agreement as if it were an original signatory thereto.

3. The Additional Lender hereby advises you of the following administrative details with respect to its Loans and Aggregate Revolving Commitment:

(A) Notices:

Institution Name: _____
Address: _____

Telephone: _____
Facsimile: _____

(B) Payment Instructions:

4. This Agreement shall be deemed to be a contractual obligation under, and shall be governed by and construed in accordance with, the laws of the state of New York (including Section 5-1401 and Section 5-1402 of the General Obligations law of the State of New York).

The Commitment Amount Increase shall be effective when the executed consent of the Agent is received or otherwise in accordance with Section 1.10 of the Credit Agreement, but not in any case prior to _____, _____. It shall be a condition to the effectiveness of the Commitment Amount Increase that (i) all fees and expenses referred to in Section 1.10 of the Credit Agreement shall have been paid and (ii) no SOFR Loans shall be outstanding on the date of such effectiveness unless the Borrowers pay all amounts due under Section 2.5 of the Credit Agreement.

The Company hereby certifies that no Default or Event of Default has occurred and is continuing.

Please indicate the Agent's consent to such Commitment Amount Increase by signing the enclosed copy of this letter in the space provided below.

Very truly yours,

EMCOR Group, Inc.

By _____
Name: _____
Title: _____

[Additional Lender/Lender Increasing Commitments]

By:
Name: _____
Title: _____

The undersigned hereby consents
on this ____ day of _____,
____ to the above-requested Commitment
Amount Increase.

Bank of Montreal,
as Agent

By: _____
Name: _____
Title: _____

Attachment I

Lender

U.S. Dollar Commitment

Multicurrency Commitment

D-4

Exhibit E
Notice of Borrowing

Date: _____, _____

To: Bank of Montreal, as Agent for the Lenders party to the Seventh Amended and Restated Credit Agreement dated as of December 20, 2023 (as extended, renewed, amended or restated from time to time, the "Credit Agreement"), among EMCOR Group, Inc. (the "Company"), the other Borrowers party thereto, the Lenders party thereto, and Bank of Montreal, individually and as Agent.

Ladies and Gentlemen:

The Company, individually and in its capacity as agent for the Borrowers, hereby gives you notice irrevocably, pursuant to Section 1.4 of the Credit Agreement, of the Borrowing specified below:

1. The name of Borrower on whose behalf such Borrowing is being requested _____
2. The Business Day of the proposed Borrowing is _____, ____.
3. The aggregate amount of the proposed Borrowing is \$_____.
4. The Borrowing is being advanced under the **[Multicurrency Credit] [U.S. Dollar Credit]** Facility.
5. The currency of such Borrowing under the Multicurrency Revolving Facility _____.
6. The Borrowing is to be comprised of \$_____ of **[Base Rate] [SOFR]** Loans.

[7. The duration of the Interest Period for the SOFR Loans included in the Borrowing shall be months.]

The undersigned hereby certifies that the following statements are true on the date hereof, and will be true on the date of the proposed Borrowing, before and after giving effect thereto and to the application of the proceeds therefrom:

- (a) the representations and warranties of the Borrowers contained in Section 5 of the Credit Agreement are true and correct as though made on and as of the date hereof in all material respects (or if such representation and warranty is already qualified by materially or Material Adverse Effect, in all respects) (except to the extent such representations and warranties relate to an earlier date, in which case they are true and correct in all material respects (or if such representation and warranty is already qualified by materially or Material Adverse Effect, in all respects) as of such date); and

(b) no Default or Event of Default has occurred and is continuing or would result from such proposed Borrowing.

Capitalized terms used herein and not defined shall have the meaning set forth in the Credit Agreement.

EMCOR Group, Inc.

By _____
Name _____
Title _____

Schedule 1.1

Commitments

Revolving Facility

Lender	U.S. Dollar Commitment	Multicurrency Commitment	Aggregate Revolving Commitment
Bank of Montreal	\$180,000,000.00	\$180,000,000.00	\$180,000,000.00
Bank of America, N.A.	\$160,000,000.00	\$160,000,000.00	\$160,000,000.00
U.S. Bank National Association	\$160,000,000.00	\$160,000,000.00	\$160,000,000.00
Citizens Bank, National Association	\$145,000,000.00	\$145,000,000.00	\$145,000,000.00
JPMorgan Chase Bank, N.A.	\$145,000,000.00	\$145,000,000.00	\$145,000,000.00
PNC Bank, National Association	\$145,000,000.00	\$145,000,000.00	\$145,000,000.00
Wells Fargo Bank, N.A.	\$145,000,000.00	\$145,000,000.00	\$145,000,000.00
TD Bank, N.A.	\$80,000,000.00	\$80,000,000.00	\$80,000,000.00
HSBC Bank, National Association	\$50,000,000.00	\$50,000,000.00	\$50,000,000.00
Manufacturers & Traders Trust Company	\$50,000,000.00	\$50,000,000.00	\$50,000,000.00
Webster Bank, N.A.	\$40,000,000.00	\$40,000,000.00	\$40,000,000.00
Total	<u>\$1,300,000,000.00</u>	<u>\$1,300,000,000.00</u>	<u>\$1,300,000,000.00</u>

Schedule 1.3**Existing Letters of Credit**

Number	Issuer	Beneficiary	Amount	Expiry Date	Type
HACH19624OS	BMO Bank N.A.	Indemnity Insurance Companies of North America ACE American Ins.	\$ 62,761	10/01/24	Financial
HACH482065OS	BMO Bank N.A.	American Casualty Company of Reading, Pennsylvania and/or Transportation Insurance Company and/or Continental Casualty Company	\$ 64,816,000	10/20/24	Financial
68030875 (S608276)	Bank of America Merrill Lynch	American Casualty Company of Reading, Pennsylvania and/or Transportation Insurance Company and/or Continental Casualty Company	\$ 5,642,000	10/01/24	Financial
BMCH357885OS	BMO Bank N.A.	The Travelers Indemnity Company	\$ 25,000	01/20/24	Financial
HACH408922OS	BMO Bank N.A.	ACE American Insurance Company	\$ 72,802	07/31/24	Financial
HACH408906OS	BMO Bank N.A.	National Union Fire Insurance Co. of Pittsburgh, PA and American Home Insurance Company	\$ 22,506	07/31/24	Financial

HACH467543OS	BMO Bank N.A.	1375 Broadway Property Investors V, LLC	\$ 98,072	05/05/24	Financial
HACH564298OS	BMO Bank N.A.	State of Vermont, Commissioner of Dept. of Financial Reg.	\$ 500,000	06/01/24	Financial
HACH654586OS	BMO Bank N.A.	City of Chicago, Dept. of Transportation	\$ 10,000	12/31/26	Performance
HACH686104OS	BMO Bank N.A.	Samsung E&C America, Inc.	\$ 45,443,104	03/31/25	Performance

Schedule 4.2
Guarantors

Guarantors	State and Type of Organization
1. Aircond Corporation	Georgia corporation
2. Air Systems, Inc.	California corporation
3. AltairStrickland Holdings LLC	Delaware limited liability company
4. AltairStrickland International LLC	Texas limited liability company
5. AltairStrickland, LLC	Texas limited liability company
6. Ardent Companies, Inc.	Louisiana corporation
7. Ardent Offshore Services, LLC	Delaware corporation
8. Ardent Services, L.L.C.	Louisiana limited liability company
9. AR Holding Corp.	Delaware corporation
10. ASI Industrial Services, LLC	Texas limited liability company
11. ASG Diamond, LLC	Texas limited liability company
12. Bahnsen Holdings, Inc.	North Carolina corporation
13. Bahnsen, Inc.	North Carolina corporation
14. Baker Electric, Inc.	Iowa corporation
15. Batchelor & Kimball, Inc.	Georgia corporation
16. Building Technology Engineers, Inc.	Massachusetts corporation
17. CCI Mechanical, Inc.	Utah corporation
18. Central Mechanical Construction Co., Inc.	Delaware corporation
19. Combustioneer Corporation	Maryland corporation
20. ConCor Networks, Inc.	Delaware corporation

21. Contra Costa Electric, Inc.	California corporation
22. CSUSA Holdings L.L.C.	Delaware corporation
23. CS48 Acquisition Corp.	Delaware corporation
24. DeBra-Kuempel Inc.	Delaware corporation
25. Diamond Refractory Services, LLC	Texas limited liability company
26. Dynalectric Company	Delaware corporation
27. Dynalectric Company of Nevada	Nevada corporation
28. Dyn Specialty Contracting, Inc.	Virginia corporation
29. EMCOR Building Services, Inc.	Delaware corporation
30. EMCOR-CCI Holdings, Inc.	Delaware corporation
31. EMCOR Construction Services Inc.	Delaware corporation
32. EMCOR - CSI Holding Co.	Delaware corporation
33. EMCOR Government Services, Inc.	Maryland corporation
34. Gowan/Garrett, Inc.	Texas corporation
35. EMCOR Group, Inc.	Delaware corporation
36. EMCOR Facilities Services, Inc.	Ohio corporation
37. EMCOR Hyre Electric Co. of Indiana, Inc.	Delaware corporation
38. EMCOR Industrial Services, Inc.	Delaware corporation
39. EMCOR Mechanical Holdings, Inc.	Delaware corporation
40. EMCOR Mechanical Services Holdings, Inc.	Delaware corporation
41. EMCOR Mechanical Services, Inc.	Delaware corporation
42. EMCOR Mechanical/Electrical Holdings, Inc.	Delaware corporation
43. EMCOR Mechanical/Electrical Services (East), Inc.	Delaware corporation
44. EMCOR Services CES, Inc.	Delaware corporation
45. EMCOR Services New York/New Jersey, Inc.	Delaware corporation
46. EMCOR Services Northeast, Inc.	Massachusetts corporation
47. EMCOR Services Team Mechanical, Inc.	Delaware corporation
48. Environmental Specialties, LLC (f/k/a Bahnson Environmental Specialties, LLC)	North Carolina limited liability company
49. Food Tech, Inc.	New York corporation

50. Fluidics, Inc.	Pennsylvania corporation
51. FR X Ohmstede Acquisitions Co.	Delaware corporation
52. F & G Mechanical Corporation	Delaware corporation
53. Forest Electric Corp.	New York corporation
54. Gibson Electric Co., Inc.	New Jersey corporation
55. Hansen Mechanical Contractors, Inc.	Nevada corporation
56. Harry Pepper & Associates, Inc.	Florida corporation
57. Heritage Mechanical Services, Inc.	New York corporation
58. Hill York Service Company, LLC	Florida corporation
59. HNT Holdings Inc.	Delaware corporation
60. HYS Holding Corp.	Delaware corporation
61. IKM Building Solutions, Inc. (f/k/a Illingworth-Kilgust Mechanical, Inc.)	Delaware corporation
62. Intermech, Inc.	Delaware corporation
63. J.C. Higgins Corp.	Delaware corporation
64. KDC Inc.	California corporation
65. Lowrie Electric Company, Inc.	Tennessee corporation
66. Marellich Mechanical Co., Inc.	California corporation
67. Meadowlands Fire Protection Corp.	New Jersey corporation
68. Mechanical Services of Central Florida, Inc.	Florida corporation
69. Mechanical Specialties Contractors, Inc.	North Carolina corporation
70. Mercury Industrial Materials, LLC	Texas limited liability company
71. Mesa Energy Systems, Inc.	California corporation
72. MES Holdings Corporation	Delaware corporation
73. Monumental Investment Corporation	Maryland corporation
74. Morley-Moss, Inc.	Texas corporation
75. MOR PPM, Inc.	South Carolina corporation
76. Newcomb Affiliates, Inc.	North Carolina corporation

77. Newcomb and Company	North Carolina corporation
78. New England Mechanical Services, Inc.	Connecticut corporation
79. Ohmstede Holdings LLC	Delaware limited liability company
80. Ohmstede Industrial Services Inc.	Texas corporation
81. Ohmstede Ltd.	Texas limited partnership
82. Ohmstede Partners LLC	Delaware limited liability company
83. Penguin Air Conditioning Corp.	New York corporation
84. Penguin Maintenance and Services Inc.	Delaware corporation
85. Performance Mechanical, Inc.	California corporation
86. Poole & Kent Company of Florida	Delaware corporation
87. Poole and Kent – New England, Inc.	Maryland corporation
88. Rabalaix Constructors, LLC	Delaware limited liability company
89. Redman Equipment & Manufacturing Company	California corporation
90. Repcon, Inc. (merged from Turnaround Welding Services, LLC)	Texas corporation
91. Repcon International, Inc.	Texas corporation
92. RepconStrickland, Inc.	Delaware corporation
93. R. S. Harritan & Company, Inc.	Virginia corporation
94. Scalise Industries Corporation	Pennsylvania corporation
95. Shambaugh & Son, L.P.	Texas Limited Partnership
96. Southern Industrial Constructors, Inc.	North Carolina corporation
97. S. A. Comunale Co., Inc.	Ohio corporation
98. The Betlem Service Corporation	New York corporation
99. The Fagan Company	Kansas corporation
100. The Poole and Kent Company	Maryland corporation
101. The Poole and Kent Corporation	Maryland corporation

102. Trautman & Shreve, Inc.	Colorado corporation
103. Tucker Mechanical, Inc.	Connecticut corporation
104. University Mechanical & Engineering Contractors, Inc.	Arizona corporation
105. University Mechanical & Engineering Contractors, Inc.	California corporation
106. USM (Delaware) Inc.	Delaware corporation
107. USM, Inc.	Pennsylvania corporation
108. USM Services Holdings, Inc.	Delaware corporation
109. Walker-J-Walker, Inc.	Tennessee corporation
110. Welsbach Electric Corp.	Delaware corporation
111. Welsbach Electric Corp. of L.I.	New York corporation

Schedule 5.2

Subsidiaries

RESTRICTED

NAME	JURISDICTION OF INCORPORATION	PERCENTAGE OF OWNERSHIP	OWNER
Air Systems, Inc.	California	100%	EMCOR Mechanical Services, Inc.
Aircond Corporation	Georgia	100%	EMCOR Mechanical Services, Inc.
AltairStrickland Holdings LLC	California	100%	Repcon Strickland, Inc.
AltairStrickland International LLC	Texas	100%	AltairStrickland, LLC
AltairStrickland, LLC	Texas	100%	AltairStrickland Holdings LLC
AR Holding Corp.	Delaware	100%	MES Holdings Corporation
Ardent Companies, Inc.	Louisiana	100%	Ardent Services, L.L.C.
Ardent Off Shore Services LLC	Delaware	100%	Ardent Companies, Inc.
Ardent Services, L.L.C.	Louisiana	100%	AR Holding Corp.
ASG Diamond, LLC	Texas	100%	AltairStrickland Holdings LLC
ASI Industrial Services, LLC	Texas	100%	ASG Diamond, LLC
Bahnson Holdings, Inc.	North Carolina	100%	EMCOR Construction Services, Inc.
Bahnson, Inc.	North Carolina	100%	Bahnson Holdings, Inc.
Baker Electric, Inc.	Iowa	100%	EMCOR Construction Services, Inc.
Batchelor & Kimball, Inc.	Georgia	100%	EMCOR Construction Services, Inc.
Building Technology Engineers, Inc.	Massachusetts	100%	EMCOR Facilities Services, Inc.
CCI Mechanical, Inc	Utah	100%	EMCOR CCI Holdings, Inc.
Central Mechanical Construction Co., Inc.	Delaware	100%	EMCOR CSI Holding Co.
Chapel Electric Co., LLC	Ohio	100%	Quebe Holdings, Inc.
Chapel Romanoff Technologies, LLC	Ohio	100%	Quebe Holdings, Inc.
Cherokee Millwright, Inc.	Tennessee	100%	EMCOR Construction Services, Inc.

Combustioneer Corporation	Maryland	100%	EMCOR Government Services, Inc.
Concor Networks, Inc.	Delaware	100%	EMCOR Communications Technologies, Inc.
Contra Costa Electric, Inc.	California	100%	DYN Specialty Contracting, Inc.
Controlled Environment Technologies, Inc.	Delaware	100%	EMCOR Mechanical Services, Inc.
Control Solutions Group, Inc.	New York	100%	EMCOR Mechanical Services, Inc.
CS48 Acquisition Corp.	Delaware	100%	CSUSA Holdings L.L.C.
CSUSA Holdings L.L.C.	Delaware	100%	EMCOR CSI Holding Co.
Dallas Mechanical Group, LLC	Texas	100%	DMG Holding Corp.
DeBra-Kuempel Inc.	Delaware	100%	EMCOR Construction Services, Inc.
Diamond Refractory Services, LLC	Texas	100%	ASI Industrial Services, LLC
DMG Holding Corp.	Delaware	100%	EMCOR Building Services, Inc.
DYN Specialty Contracting, Inc.	Virginia	100%	EMCOR Construction Services, Inc.
Dynalectric Company	Delaware	100%	DYN Specialty Contracting, Inc.
Dynalectric Company of Nevada	Nevada	100%	DYN Specialty Contracting, Inc.
ECM Holding Group, Inc.	Wisconsin	100%	EMCOR-ECM Management, Inc.
EMCOR (UK) Limited	UK	100%	EMCOR International, Inc.
EMCOR Building Services, Inc.	Delaware	100%	MES Holdings Corporation
EMCOR -CCI Holdings, Inc.	Delaware	100%	MES Holdings Corporation
EMCOR Communications & Technologies, Inc.	Delaware	100%	EMCOR Building Services, Inc.
EMCOR Construction Services, Inc.	Delaware	100%	MES Holdings Corp.
EMCOR Facilities Services, Inc.	Ohio	100%	EMCOR Building Services, Inc.
EMCOR Government Services, Inc.	Maryland	100%	EMCOR Building Services, Inc.
EMCOR Group (UK) plc	UK	100%	EMCOR (UK) Limited
EMCOR Hyre Electric Co. of Indiana, Inc.	Delaware	100%	EMCOR Construction Services, Inc.
EMCOR Industrial Services, Inc.	Delaware	100%	MES Holdings Corporation
EMCOR International, Inc.	Delaware	100%	MES Holdings Corp.
EMCOR Mechancial Services Holdings, Inc.	Delaware	100%	MES Holdings, Inc.
EMCOR Mechancial/Electrical Holdings, Inc.	Delaware	100%	EMCOR Construction Services, Inc.

EMCOR Mechanical Holdings, Inc.	Delaware	100%	EMCOR Mechanical Services Holdings, Inc.
EMCOR Mechanical Services, Inc.	Delaware	100%	EMCOR Building Services, Inc.
EMCOR Mechanical/Electrical Services, (East), Inc.	Delaware	100%	EMCOR Construction Services, Inc.
EMCOR Services CES, Inc.	Delaware	100%	EMCOR Facilities Services, Inc.
EMCOR Services New York/New Jersey, Inc.	Delaware	100%	EMCOR Mechanical Services, Inc.
EMCOR Services Northeast, Inc.	Massachusetts	100%	EMCOR Mechanical Services, Inc.
EMCOR Services Team Mechanical, Inc.	Delaware	100%	EMCOR Mechanical Services, Inc.
EMCOR ECM Management, Inc.	Delaware	100%	EMCOR Building Services, Inc.
EMCOR-CSI Holding Co.	Delaware	100%	MES Holdings Corporation
Environmental Specialties, LLC	North Carolina	100%	Controlled Environment Technologies, Inc.
eTEC Fire Protection, LLC	Virginia	100%	eTEC Mechanical Corporation
eTEC Mechanical Corporation	Virginia	100%	EMCOR Building Services, Inc.
F & G Mechanical Corporation	Delaware	90%	EMCOR CSI Holding Co.
Fluidics, Inc.	Pennsylvania	100%	EMCOR Mechanical Services, Inc.
Food Tech, Inc.	New York	100%	EMCOR CSI-Holding Co.
Forest Electric Corp.	New York	100%	EMCOR Mechanical/Electrical Services, (East), Inc.
FR X Ohmstede Acquisitions Co	Delaware	100%	EMCOR Industrial Services, Inc.
Gaston Holding Corp.	Delaware	100%	MES Holdings Corporation
Gaston Electrical Co., LLC	Massachusetts	100%	Gaston Holding Corp.
Gibson Electric Co., Inc.	New Jersey	100%	EMCOR Construction Services, Inc.
Gowan/Garrett, Inc.	Texas	100%	EMCOR Construction Services, Inc.
Hansen Mechanical Contractors, Inc.	Nevada	100%	University Mechanical Engineering Contractors, Inc., (a California corporation)
Harry Pepper & Associates, Inc.	Florida	100%	EMCOR Construction Services, Inc.
Heritage Mechanical Services, Inc.	New York	100%	EMCOR Mechanical/Electrical Services, (East), Inc.
Hill York Service Company, LLC	Florida	100%	HYS Holding Corp.
HNT Holdings Inc.	Delaware	100%	FR X Ohmstede Acquisitions Co
HYS Holding Corp.	Delaware	100%	EMCOR Building Services, Inc.
IKM Building Solutions, Inc.	Delaware	100%	EMCOR CSI Holding Co.

Intermech, Inc.	Delaware	100%	EMCOR Construction Services, Inc.
J.C. Higgins Corp.	Delaware	100%	EMCOR Mechanical/Electrical Services, (East), Inc.
Kastle Technologies Co., LLC	Ohio	100%	Quebe Holdings, Inc.
KDC Inc.	California	100%	DYN Specialty Contracting, Inc.
Logical Control Solutions, Inc.	New York	100%	EMCOR Mechanical Services, inc.
Lowrie Electric Company, Inc.	Tennessee	100%	EMCOR CSI Holding Co.
Lyons Electric Company, Inc.	Illinois	100%	EMCOR Construction Services, Inc.
Marelich Mechanical Co. Inc.	California	100%	EMCOR Construction Services, Inc.
Meadowlands Fire Protection Corp.	New Jersey	100%	EMCOR CSI Holding Co.
Mechanical Services of Central Florida, Inc.	Florida	100%	EMCOR Mechanical Services, Inc.
Mechanical Solutions Holding Corp.	Delaware	100%	EMCOR Mechanical Services Holdings, Inc.
Mechanical Specialties Contractors, Inc.	North Carolina	100%	Controlled Environment Technologies, Inc.
Mercury Industrial Materials, LLC	Texas	100%	ASI Industrial Services, LLC
MES Holdings Corporation	Delaware	100%	EMCOR Group, Inc.
Mesa Energy Systems, Inc.	California	100%	EMCOR Mechanical Services, Inc.
Monumental Investment Corporation	Maryland	100%	MES Holdings Corporation
MOR PPM, Inc.	South Carolina	100%	EMCOR Building Services, Inc.
Morley-Moss, Inc.	Texas	100%	EMCOR Construction Services, Inc.
New England Mechanical Services, Inc.	Connecticut	100%	EMCOR Mechanical Holdings, Inc.
Newcomb Affiliates, Inc.	North Carolina	100%	EMCOR Mechanical Services, Inc.
Newcomb and Company	North Carolina	100%	Newcomb Affiliates, Inc.
Ohmstede Holdings LLC	Delaware	100%	HNT Holdings Inc.
Ohmstede Industrial Services, Inc.	Texas	100%	Ohmstede Ltd.
Ohmstede Ltd.	Texas	General Partner	Ohmstede Partners LLC
Ohmstede Ltd.	Texas	Limited Partner	Ohmstede Holdings LLC
Ohmstede Partners LLC	Delaware	100%	HNT Holdings Inc.
Penguin Air Conditioning Corp.	New York	100%	EMCOR Mechanical/Electrical Services, (East), Inc.
Penguin Maintenance and Services, Inc.	Delaware	100%	EMCOR Mechanical/Electrical Services, (East), Inc.
Performance Mechanical, Inc.	California	100%	EMCOR Construction Services, Inc.

Poole and Kent - New England, Inc.	Maryland	100%	Monumental Investment Corporation
Poole and Kent Company of Florida	Delaware	100%	MES Holdings Corporation
Quebe Holdings, Inc.	Ohio	100%	EMCOR Construction Services, Inc.
R.S. Harritan & Company, Inc.	Virginia	100%	EMCOR Mechanical/Electrical Services, (East), Inc.
Rabalais Constructors, LLC	Delaware	100%	AR Holding Corp.
Redman Equipment & Manufacturing Company	California	100%	Ohmstede Ltd.
Repcon International, Inc.	Texas	100%	Repcon, Inc.
Repcon, Inc.	Texas	100%	Repcon Strickland, Inc.
RepconStrickland, Inc.	Delaware	100%	EMCOR Industrial Services, Inc.
Romanoff Electric Co., LLC	Ohio	100%	EMCOR Building Services, Inc.
R&R Holding Corp.	Delaware	100%	EMCOR Building Services, Inc.
R& R Mechanical, LLC	Delaware	100%	R & R Holding Corp.
S.A. Comunale Co., Inc.	Ohio	100%	EMCOR Construction Services, Inc.
Scalise Industries Corporation	Pennsylvania	100%	EMCOR Mechanical Services, Inc.
Shambaugh & Son, L.P.	Texas	Limited Partner	CS48 Acquisition Corp.
Shambaugh & Son, L.P.	Texas	General Partner	CSUSA Holdings L.L.C.
Southern Industrial Constructors, Inc.	North Carolina	100%	EMCOR Construction Services, Inc.
The Betlem Service Corporation	New York	100%	EMCOR Mechanical Services, Inc.
The Fagan Company	Kansas	100%	EMCOR CSI Holding Co.
The Poole and Kent Company	Maryland	100%	Monumental Investment Corporation
The Poole and Kent Corporation	Maryland	100%	Monumental Investment Corporation
			University Mechanical Engineering Contractors, Inc., a California corporation
Trautman & Shreve, Inc.	Colorado	100%	
Tucker Mechanical, Inc.	Connecticut	100%	EMCOR Construction Services, Inc.
University Mechanical & Engineering Contractors, Inc.	California	100%	EMCOR Construction Services, Inc.
University Mechanical & Engineering Contractors, Inc.	Arizona	100%	University Mechanical Engineering Contractors, Inc., a California corporation
Upland Mechanical, Inc.	Delaware	100%	EMCOR Construction Services, Inc.
USM (Delaware) Inc.	Delaware	100%	USM Services Holdings, Inc.

USM Services Holdings, Inc.	Delaware	100%	EMCOR Facilities Services, Inc.
USM, Inc.	Pennsylvania	100%	USM (Delaware) Inc.
Walker-J-Walker, Inc.	Tennessee	100%	EMCOR CSI Holding Co.
Wasatch Electric, LLC	Delaware	100%	Dynalectric Company
Welsbach Electric Corp.	Delaware	100%	EMCOR Mechanical/Electrical Services, (East), Inc.
Welsbach Electric Corp. of L.I.	New York	100%	EMCOR Mechanical/Electrical Services, (East), Inc.

UNRESTRICTED

Afgo Engineering Corp. of Washington	Delaware	100%	Sellco Corporation
Allan Automatic Sprinkler Corporation of So. Cal.	California	100%	Shambaugh & Son, L.P.
AltairStrickland California, L.P.	California	100%	AltairStrickland Holdings California, Inc.
AltairStrickland Colombia, LLC	Texas	100%	AltairStrickland International LLC
AltairStrickland V.I. LLC	US Virgin Islands	100%	AltairStrickland International LLC
AM Contractors 1, Inc.	Michigan	100%	EMECH Holdings Corp.
Aqua Energy Services, LLC	Wisconsin	100%	ECM Holding Group, Inc.
Ardent Services VI, LLC	US Virgin Islands	100%	Ardent Offshore Services, LLC
BALCO, Inc.	Massachusetts	100%	EMCOR Construction Services, Inc.
Beaumont Real Estate Holding Company	Texas	100%	Ohmstede Ltd.
Border Electric Co. L.P.	Texas	Limited Partner	CS48 Acquisition Corp.
Border Electric Co. L.P.	Texas	General Partner	CSUSA Holdings L.L.C.
Border Mechanical Co. L.P.	Texas	Limited Partner	CS48 Acquisition Corp.
Border Mechanical Co. L.P.	Texas	General Partner	CSUSA Holdings L.L.C.
Building Envelope Solutions, LLC	Wisconsin	100%	ECM Holding Group, Inc.
CommAir, Inc.	Massachusetts	100%	EMCOR Construction Services, Inc.
Commonwealth Air Conditioning and Heating, Inc.	Massachusetts	100%	EMCOR Construction Services, Inc.
Consolidated Engineering Services, Inc.	Maryland	100%	EMCOR Building Services Holdings, Inc.
Contractors Leasing, Inc.	Utah	100%	EMCOR-CCI Holdings, Inc.

Design Air, Ltd.	Washington	100%	EMCOR Construction Services, Inc.
Diamond Refractory Services California, L.P.	California	100%	AltairStrickland Holdings California, Inc.
Dynalectric Company of Ohio	Ohio	100%	EMECH Holdings Corp.
EMCOR Energy Services, Inc.	Delaware	100%	EMCOR Building Services Holdings, Inc.
EMCOR Building Services Holdings, Inc.	Delaware	100%	MES Holdings Corporation
EMCOR Facilities Services (PR), Inc.	Puerto Rico	100%	EMCOR International, Inc.
EMCOR Risk Holdings, Inc.	Delaware	100%	MES Holdings Corporation
EMECH Holdings Corp.	Delaware	100%	MES Holdings Corporation
Engineering + Construction Services, Inc.	Utah	100%	EMCOR-CCI Holdings, Inc.
F & G Management, Inc.	Delaware	100%	EMCOR CSI Holding Co.
F & G Plumbing, Inc.	Delaware	100%	F & G Mechanical Corporation
Forti/Poole and Kent L.L.C.	Maryland	100%	Monumental Heating, Ventilation and Air Conditioning Contractors, Inc.
Gotham Air Conditioning Service, Inc.	New York	100%	EMCOR Building Services Holdings, Inc.
Green IT Solutions, LLC	Wisconsin	100%	ECM Holding Group, Inc.
HVAC Armor, LLC	Wisconsin	100%	ECM Holding Group, Inc.
Illingworth Corporation	Wisconsin	100%	EMCOR-CSI Holding Co.
Jamaica Water Securities Corp.	New York	100%	Sellco Corporation
JWP Technical Services (C.N.M.I., Inc.)	Northrn Marianas	100%	MEC Constructors, Inc.
JWP Telecom, Inc.	Delaware	100%	EMCOR Group, Inc.
JWP TS Corp.	New Jersey	100%	Sellco Corporation
JWP/HCII Corp.	Delaware	100%	Sellco Corporation
Kilgust Mechanical, Inc.	Wisconsin	100%	EMCOR CSI Holding Co.
L. T. Mechanical, Inc.	North Carolina	100%	EMCOR Building Services Holdings, Inc.
Mandell Mechanical Corporation	New York	100%	EMCOR Mechanical/Electrical Services, (East), Inc.
MEC Constructors, Inc.	Delaware	100%	MEC Constructors, Inc.
Midland Fire Protection, Inc.	Rhode Island	100%	EMECH Holdings Corp.

Monumental Heating, Ventilating and Air Conditioning Contractors, Inc.	Maryland	100%	Monumental Investment Corporation
Morley-Moss IT Division, LLC	Texas	100%	Morley-Moss, Inc.
New England Mechanical Services of Massachusetts, Inc.	Massachusetts	100%	EMCOR Mechanical Services, Inc.
Nogle & Black Mechanical, Inc.	Delaware	100%	EMECH Holdings Corp.
North Jersey Mechanical Contractors, Inc.	New Jersey	100%	EMECH Holdings Corp.
Northstar Alarm & Suppression System, L.L.C.	Texas	100%	NS Holding Corp.
NS Holding Corp.	Delaware	100%	MES Holdings Corporation
Ohmstede Aruba, LLC	Delaware	100%	Ohmstede Ltd.
Ohmstede Columbia, LLC	Delaware	100%	Ohmstede Ltd.
Poole and Kent Connecticut, Inc.	Connecticut	100%	EMECH Holdings Corp.
Precision Control Systems of Indianapolis, Inc.	Indiana	100%	EMCOR CSI Holding Co.
Professional Mechanical Contractors, LLC	Connecticut	100%	EMECH Holdings Corp.
Sellco Corporation	Delaware	100%	EMCOR Group, Inc.
SLR Constructors Inc.	New York	100%	Sellco Corporation
Southern Crane Corporation	North Carolina	100%	EMCOR Construction Services, Inc.
Tiger Tower Services, LLC	Texas	100%	AltairStrickland, LLC
Trimech Corporation	New Jersey	100%	EMCOR Building Services Holdings, Inc.
University Marellich Mechanical, Inc.	California	100%	EMECH Holdings Corp.
Viox Services, Inc.	Ohio	100%	EMCOR Building Services Holdings, Inc.

FOREIGN UNRESTRICTED

Drake & Scull Airport Services, Ltd.	UK	100%	EMCOR Group (UK) plc
Drake & Scull France EURL	France	100%	EMCOR Group (UK) plc
Drake & Scull (Scotland)Ltd.	Scotland	100%	EMCOR (UK)Ltd.
EMCOR Energy Services, Ltd.	UK	100%	EMCOR Group (UK) plc

EMCOR Engineering Services Ltd.	UK	100%	EMCOR Group (UK) plc
EMCOR Facilities Services, Ltd.	UK	100%	EMCOR Group (UK) plc
EMCOR Rail Ltd.	UK	100%	EMCOR Group (UK) plc
JWP Technical Services (Maylasia) Sdn Bhd*	Malaysia	100%	EMCOR International, Inc.

Schedule 7.10

Indebtedness

1. \$7.8 million payable under finance leases and purchase money mortgages.
2. The Company and its Subsidiaries have guaranteed the obligations of one another in respect of bonds issued by surety companies. Certain of these obligations are secured by a lien upon the assets of each guarantor.
3. The Company has guaranteed obligations of its Subsidiaries under certain real estate leases and customer contracts.
4. The information contained in Schedules 7.11 and/or 7.12 is hereby incorporated by reference thereto.

Schedule 7.11

Liens

1. The Company and its Subsidiaries

- a. The Company's Subsidiaries have obtained bonds from surety companies. The agreements pursuant to which the bonds were issued and will be issued in the future provide that the Company and most of its Subsidiaries agree to hold such surety companies harmless in respect of such bonds and grant liens upon certain of their assets in favor of the bonding companies to secure such "hold harmless" obligations.
- b. Miscellaneous finance leases, purchase money mortgages and other liens relating to the Company's Subsidiaries securing obligations approximating \$7.8 million.

The information contained in Schedule 7.10 and/or Schedule 7.12 is hereby incorporated by reference thereto.

Schedule 7.12**Investments, Loans, Advances and Guaranties**

<u>Investments</u>	<u>Amount of investment</u>	<u>Payee or holder</u>
1. Colony Holdings Ltd. (Bermuda)	60,000 shares —12% interest	Monumental Investment Corporation
2. Baltimore Ravens	License (right) for 16 seats	The Poole and Kent Corporation
3. F & G Mechanical Inc.	90 shares – 45% interest	F & G Mechanical Corporation (New York)
4. C & H Services LLC	50% Interest	Ohmstede Ltd.
5. CTSI-CES Facility Services, LLC	40% Interest	EMCOR Government Services, Inc.
6. Betlem Plumbing Services, Inc.	49% Interest	The Betlem Service Corporation
7. Helix Management Services, Inc.	40% Interest	EMCOR Government Services, Inc.
8. Legends 3 LLC	50% Interest License (right) for 6 seats New York Yankees	EMCOR Group, Inc.
9. Action Integrated Services, LLC	49% interest	EMCOR Government Services, Inc.
10. AEPAx, LLC	41% Interest	EMCOR Government Services, Inc.
11. Wake Solutions, LLC	41% Interest	EMCOR Government Services, Inc.
12. Ku Nalu Kai, LLC	40% Interest	EMCOR Government Services, Inc.
13. Pensacola Bay Support Services, LLC	45%	EMCOR Government Services, Inc.
14. Hartford HealthCare Amphitheater Concert Seats License	License (right) for 6 seats	EMCOR Group, Inc.
15. BREMCOR (JV)	50%	EMCOR Government Services, Inc.
16. EJB Facilities Services	40%	EMCOR Facilities Services, Inc.
17. Civil & Base Construction Services, LLC	51%	Harry Pepper & Associates, Inc.
18. Jacksonville Regional Services, LLC	50%	EMCOR Government Services, Inc.
19. West Sound Services Group, LLC	50%	EMCOR Government Services, Inc.

**EIGHTH AMENDMENT
TO THE LONG TERM INCENTIVE PLAN
OF EMCOR GROUP, INC.**

WHEREAS, the EMCOR Group, Inc. Long Term Incentive Plan was adopted in 2005 and has since been amended (as amended, the "LTIP");

WHEREAS, Section 8.1 of the LTIP provides that the Board of Directors of EMCOR Group, Inc. (the Board) may amend the LTIP, subject to the terms of Section 8.1; and

WHEREAS, the Board has determined that the LTIP shall be further amended as provided below.

NOW, THEREFORE, the LTIP is hereby amended as follows:

1. Section 2 of the LTIP is hereby amended so that the definition of "Retirement" reads in its entirety as follows:

"Retirement" means a Participant's voluntary termination of employment either (x) on or after attaining age 65 or (y) on or after attaining age 60 and having at least 20 years of qualifying service to the Company or a Subsidiary, as determined by the Board in its sole discretion.

2. Section 2 of the LTIP is hereby amended to add each of the following definitions:

"Maximum EPS Percentage" means an amount determined by the Compensation Committee within 90 days following the commencement of each Applicable Three Year Period that begins with or after the 2024 Plan Year.

"Target EPS Percentage" means an amount determined by the Compensation Committee within 90 days following the commencement of each Applicable Three Year Period that begins with or after the 2024 Plan Year.

"Minimum EPS Percentage" means an amount determined by the Compensation Committee within 90 days following the commencement of each Applicable Three Year Period that begins with or after the 2024 Plan Year.

3. Section 7.1(b) of the LTIP is hereby amended so that it reads in its entirety as follows:

(b) For each Applicable Three Year Period that begins prior to the 2024 Plan Year, if the Company's Earnings Per Share for such Applicable Three Year Period is less than 100% (but not less than 50%) of such period's EPSO, each Participant shall be entitled to 50% (adjusted, as applicable, in accordance with Section 7.1(d)) of his Performance Based Target Bonus (as the term is hereafter defined) in respect of such Applicable Three Year Period; if the Company's Earnings Per Share for the Applicable Three Year Period is at least 100% but less than 120% of such period's EPSO, each Participant shall be entitled to 100% (adjusted, as applicable, in accordance

with Section 7.1(d)) of his Performance Based Target Bonus in respect of such Applicable Three Year Period; and if the Company's Earnings Per Share for the Applicable Three Year Period that begins prior to the 2024 Plan Year is 120% or more of such period's EPSO, each Participant shall be entitled to 200% of his Performance Based Target Bonus. No Performance Based Target Bonus for an Applicable Three Year Period shall be payable if the Company's Earnings Per Share for such period is less than 50% of such period's EPSO. For each Applicable Three Year Period that begins with or after the 2024 Plan Year, if the Company's Earnings Per Share for such Applicable Three Year Period is less than the Target EPS Percentage (but not less than the Minimum EPS Percentage) of such period's EPSO, each Participant shall be entitled to 50% (adjusted, as applicable, in accordance with Section 7.1(d)) of his Performance Based Target Bonus (as the term is hereafter defined) in respect of such Applicable Three Year Period; if the Company's Earnings Per Share for the Applicable Three Year Period that begins with or after the 2024 Plan Year is at least the Target EPS Percentage but less than the Maximum EPS Percentage of such period's EPSO, each Participant shall be entitled to 100% (adjusted, as applicable, in accordance with Section 7.1(d)) of his Performance Based Target Bonus in respect of such Applicable Three Year Period; and if the Company's Earnings Per Share for the Applicable Three Year Period is the Maximum EPS Percentage or more of such period's EPSO, each Participant shall be entitled to 200% of his Performance Based Target Bonus. No Performance Based Target Bonus for an Applicable Three Year Period beginning with the 2024 Plan Year shall be payable if the Company's Earnings Per Share for such period is less than the Minimum EPS Percentage of such period's EPSO.

4. Section 7.1(d) of the LTIP is hereby amended so that it reads in its entirety as follows:

(d) If the Company's Earnings Per Share for an Applicable Three Year Period that begins prior to the 2024 Plan Year or the Applicable Two Year Period is greater than 50% of such period's EPSO or Two Year EPSO, as the case may be, but is less than 100% of such period's EPSO or Two Year EPSO, as the case may be, then for each whole percentage point in excess of 50%, the percentage of the applicable Performance Based Target Bonus referred to in the immediately preceding paragraphs (b) and (c) to which the applicable Participants are entitled shall be increased above 50% by one percentage point. If the Company's Earnings Per Share for an Applicable Three Year Period that begins prior to the 2024 Plan Year or the Applicable Two Year Period is greater than 100% of such period's EPSO or Two Year EPSO, as the case may be, but is less than 120% of such period's EPSO or Two Year EPSO, as the case maybe, then for each whole percentage point in excess of 100%, the percentage of the applicable Performance Based Target Bonus referred to in the immediately preceding paragraphs (b) and (c) to which the applicable Participants are entitled shall be increased above 100% by 5.0 percentage points (up to, but not in excess of, 200%). If the Company's Earnings Per Share for an Applicable Three Year Period that begins with or after the 2024 Plan Year is greater than the Minimum EPS Percentage of such period's EPSO, but is less than the Target EPS Percentage of such period's EPSO, then the percentage of the applicable Performance Based Target Bonus referred to in the immediately preceding paragraphs (b) and (c) to which the applicable Participants are entitled shall be determined on a straight-line interpolated basis between the Minimum EPS Percentage and the Target EPS Percentage. If the Company's Earnings Per Share for an Applicable Three Year Period that begins with or after the 2024 Plan Year is greater than the Target EPS Percentage of such period's EPSO, but is less than the Maximum EPS Percentage of such period's EPSO, then the percentage of the applicable

Performance Based Target Bonus referred to in the immediately preceding paragraphs (b) and (c) to which the applicable Participants are entitled shall be determined on a straight-line interpolated basis between the Target EPS Percentage and the Maximum EPS Percentage (up to, but not in excess of, 200%).

5. Except as hereinabove amended, the LTIP, as previously amended, shall remain in full force and effect.

IN WITNESS WHEREOF, the undersigned has executed this Amendment as of the _____ day of _____, 2023.

LIST OF SIGNIFICANT SUBSIDIARIESJURISDICTION OF INCORPORATION

Dynalectric Company	Delaware
Dyn Specialty Contracting, Inc.	Virginia
EMCOR Building Services, Inc.	Delaware
EMCOR Construction Services, Inc.	Delaware
EMCOR-CSI Holding Co.	Delaware
EMCOR Mechanical Services, Inc.	Delaware
MES Holdings Corporation	Delaware
Shambaugh & Son, L.P.	Texas

Consent of Independent Registered Public Accounting Firm

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

- (1) Registration Statement (Form S-8 No. 333-168503) pertaining to the 2010 Incentive Plan of EMCOR Group, Inc.,
- (2) Registration Statement (Form S-8 No. 333-152764) pertaining to the EMCOR Group, Inc. Employee Stock Purchase Plan,
- (3) Registration Statement (Form S-8 No. 333-147015) pertaining to the 2007 Incentive Plan of EMCOR Group, Inc.,
- (4) Registration Statement (Form S-8 No. 333-112940) pertaining to the EMCOR Group, Inc. Stock Option Agreements dated as of January 4, 1999, May 5, 1999, January 3, 2000, January 2, 2001, December 14, 2001, January 2, 2002, June 19, 2002, October 25, 2002, January 2, 2003, February 27, 2003, and January 2, 2004, the EMCOR Group, Inc. 2003 Non-Employee Directors' Stock Option Plan and the EMCOR Group, Inc. 2003 Management Stock Incentive Plan, and
- (5) Registration Statement (Form S-8 No. 333-186926) pertaining to the EMCOR Group, Inc. Voluntary Deferral Plan;

of our reports dated February 28, 2024, with respect to the consolidated financial statements of EMCOR Group, Inc. and subsidiaries, and the effectiveness of internal control over financial reporting of EMCOR Group, Inc. and subsidiaries, included in this Annual Report (Form 10-K) of EMCOR Group, Inc. for the year ended December 31, 2023.

/s/ Ernst & Young LLP

Stamford, Connecticut

February 28, 2024

CERTIFICATION

I, Anthony J. Guzzi, certify that:

1. I have reviewed this annual report on Form 10-K of EMCOR Group, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)), and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) 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: February 28, 2024

/s/ ANTHONY J. GUZZI

Anthony J. Guzzi
Chairman, President, and
Chief Executive Officer

CERTIFICATION

I, Mark A. Pompa, certify that:

1. I have reviewed this annual report on Form 10-K of EMCOR Group, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)), and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) 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: February 28, 2024

/s/ MARK A. POMPA

Mark A. Pompa
Executive Vice President and
Chief Financial Officer

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

In connection with the Annual Report of EMCOR Group, Inc. (the "Company") on Form 10-K for the period ended December 31, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Anthony J. Guzzi, Chairman, President, and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 28, 2024

/s/ ANTHONY J. GUZZI

Anthony J. Guzzi
Chairman, President, and
Chief Executive Officer

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

In connection with the Annual Report of EMCOR Group, Inc. (the "Company") on Form 10-K for the period ended December 31, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Mark A. Pompa, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 28, 2024

/s/ MARK A. POMPA

Mark A. Pompa
Executive Vice President and
Chief Financial Officer

MINE SAFETY DISCLOSURES

During the reporting period covered by this report:

Our subsidiary MOR-PPM Inc. ("MOR-PPM") was issued one significant and substantial citation by the U.S. Mine Safety and Health Administration ("MSHA") related to work MOR-PPM performed at the Fort Smith Plant operated by Cova ISP, Inc. in Sebastian, Arkansas. MSHA also proposed civil penalties totaling \$725 for citations related to work performed by MOR-PPM at the Fort Smith Plant. The company has no other disclosures to report under section 1503 for the period covered by this report.

EMCOR GROUP, INC.
POLICY FOR RECOUPMENT OF INCENTIVE COMPENSATION

1. Introduction

In accordance with Section 10D of the Securities Exchange Act of 1934, as amended (the 'Exchange Act'), and the regulations thereunder, the Board of Directors (the "Board") of EMCOR Group, Inc. (the "Company") has adopted this policy (the "Policy") providing for the Company's recoupment of certain incentive-based compensation paid to Covered Executives (as defined below) in the event that the Company is required to prepare an accounting restatement due to its material noncompliance with any financial reporting requirement under the securities laws. This Policy is designed to comply with, and shall be interpreted to be consistent with, Section 10D of the Exchange Act, Rule 10D-1 promulgated under the Exchange Act, and Section 303A.14 of the New York Stock Exchange Listed Company Manual (Listing Standards).

2. Administration

Administration and enforcement of this Policy is delegated to the Compensation and Personnel Committee of the Board (as constituted from time to time, and including any successor committee, the "Committee"). The Committee shall make all determinations under this Policy in its sole discretion. Determinations of the Committee under this Policy need not be uniform with respect to any or all Covered Executives and will be final and binding.

3. Effective Date

This Policy shall be effective as of October 2, 2023 (the 'Effective Date') and shall apply only to Covered Compensation (as defined below) that is received by a Covered Executive on or after the Effective Date. This Policy shall expressly supersede the Company's Executive Compensation Recoupment Policy dated December 15, 2015 (the "Prior Recoupment Policy") with respect to Covered Executives who receive such Covered Compensation on or after the Effective Date. For the avoidance of doubt, the provisions of the Prior Recoupment Policy shall continue to apply with respect to Covered Compensation received by Covered Executives prior to the Effective Date.

4. Covered Executives

This Policy covers each current or former officer of the Company subject to Section 16 of the Exchange Act (each, a 'Covered Executive').

5. Covered Compensation

This Policy applies to any cash-based and equity-based incentive compensation, bonuses, and awards that are received by a Covered Executive and that are granted, paid, earned or that become vested wholly or in part upon the attainment of any financial reporting measure ("Covered Compensation"). For the avoidance of doubt, none of the following shall be deemed to be Covered Compensation: base salary, a bonus that is paid solely at the discretion of the Committee or Board and not paid from a bonus pool determined by satisfying a financial reporting measure performance goal, a bonus that is paid based on the attainment of personal or individual performance goals that are

not based on financial reporting measures, and cash or equity-based awards that are earned solely upon satisfaction of one or more subjective, time-based or strategic standards. This Policy shall apply to any Covered Compensation received by an employee who served as a Covered Executive at any time during the performance period for that Covered Compensation.

6. Financial Restatements; Recoupment

In the event that the Company is required to prepare an accounting restatement due to the material noncompliance of the Company with any financial reporting requirement under the securities laws, including any required accounting restatement to correct an error in previously issued financial statements that is material to the previously issued financial statements, or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period (such an accounting restatement, a "Restatement"), the Committee shall review the Covered Compensation received by a Covered Executive during the three-year period preceding the Required Financial Restatement Date (as defined below) as well as any transition period that results from a change in the Company's fiscal year within or immediately following those three completed fiscal years. Regardless of whether the Company filed the restated financial statements, the Committee shall, to the fullest extent permitted by governing law, seek recoupment of any Covered Compensation, whether in the form of cash or equity, received by a Covered Executive (computed without regard to any taxes paid), if and to the extent:

- a. the amount of the Covered Compensation was calculated based upon the achievement of certain financial results that were subsequently the subject of a Restatement; and
- b. the amount of the Covered Compensation that would have been received by the Covered Executive had the financial results been properly reported would have been lower than the amount actually awarded.

If the achievement of a certain financial result was considered in determining the Covered Compensation awarded or paid, but the Covered Compensation was not awarded or paid on a formulaic basis, the Committee shall determine the amount, if any, by which the payment or award should be reduced or recouped.

For purposes of this Policy, the 'Required Financial Restatement Date' is the earlier to occur of:

- a. the date the Board, a committee of the Board, or any officer or officers authorized to take such action if Board action is not required, concludes, or reasonably should have concluded, that the Company is required to prepare a Restatement; or
- b. the date a court, regulator, or other legally authorized body directs the Company to prepare a Restatement.

For the avoidance of doubt, a Covered Executive will be deemed to have received Covered Compensation in the Company's fiscal period during which the financial reporting measure specified in the award is attained, even if the Covered Executive remains subject to additional payment conditions with respect to such award.

7. Method of Recoupment

The Committee will determine, in its sole discretion, the method for recouping erroneously awarded Covered Compensation, which may include, without limitation:

- a. requiring reimbursement of cash incentive compensation previously paid;
- b. cancelling or rescinding some or all outstanding vested or unvested equity (and/or equity-based) awards;
- c. adjusting or withholding from unpaid compensation or other set-off to the extent permitted by applicable law; and/or
- d. reducing or eliminating entitlements to future salary increases, cash-based or equity-based incentive compensation, bonuses, awards or severance.

8. Impracticability Exceptions

The Committee shall not seek recoupment of any erroneously awarded Covered Compensation to the extent it determines that:

- a. the direct expense paid to a third party to assist in enforcing this Policy would exceed the amount of erroneously-awarded Covered Compensation to be recovered;
- b. recovery would violate home country law where that law was adopted prior to November 28, 2022; and/or
- c. recovery would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to Company employees, to fail to meet the requirements of Sections 401(a)(13) and 411(a) of the Internal Revenue Code of 1986, as amended, and the regulations thereunder.

9. No Indemnification

For the avoidance of doubt, the Company shall not indemnify any Covered Executive against the loss of any erroneously awarded Covered Compensation or any Covered Compensation that is recouped pursuant to the terms of this Policy, or any claims relating to the Company's enforcement of its rights under this Policy.

10. Severability

If any provision of this Policy or the application of any such provision to any Covered Executive shall be adjudicated to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions of this Policy, and the invalid, illegal or unenforceable provisions shall be deemed amended to the minimum extent necessary to render any such provision or application enforceable.

11. Amendments

The Committee may amend, modify or terminate this Policy in whole or in part at any time and may adopt such rules and procedures that it deems necessary or appropriate to implement this Policy or to comply with applicable laws and regulations.

12. No Impairment of Other Remedies

Except as provided in Section 3 above, the remedies under this Policy are in addition to, and not in lieu of, any legal and equitable claims the Company may have, the Company's ability to enforce, without duplication, the recoupment provisions set forth in any separate Company policy or in any Company plan, program or agreement, including the Prior Recoupment Policy (each, a "Separate Recoupment Policy" and collectively, the "Separate Recoupment Policies"), or any actions that may be imposed by law enforcement agencies, regulators or other authorities. Notwithstanding the foregoing, in the event that there is a conflict between the application of this Policy to a Covered Executive in the event of a Restatement and any additional recoupment provisions set forth in a Separate Recoupment Policy to which a Covered Executive is subject, the provisions of this Policy shall control. The Company may also adopt additional Separate Recoupment Policies in the future or amend existing requirements as required by law or regulation. In no event, however, shall there be duplication of recovery of the same compensation.

Effective Date: October 2, 2023