

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

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**FORM 10-K**

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(Mark One)

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

For the fiscal year ended June 30, 2024

OR

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

For the transition period from to

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Commission File Number 1-5828

**CARPENTER TECHNOLOGY CORPORATION**  
(Exact name of registrant as specified in its charter)

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**Delaware**

(State or other jurisdiction of incorporation or organization)

**23-0458500**

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

**1735 Market Street, 15th Floor  
Philadelphia, Pennsylvania**

(Address of principal executive offices)

**19103**

(Zip Code)

**610-208-2000**

(Registrant's telephone number, including area code)

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

**Common Stock, \$5 Par Value**

Title of each class

**CRS**

Trading Symbol

**New York Stock Exchange**

Name of each exchange on which registered

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

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Yes  No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to the filing requirements for at least 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 during the preceding 12 months (or for such shorter period that the registrant was required to post such files).

Yes  No

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

Large accelerated filer

Accelerated filer

Non-accelerated filer

(Do not check if a smaller reporting company)

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards

provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant 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 in Rule 12b-2 of the Exchange Act).

Yes  No

The aggregate market value of the registrant's voting common stock held by non-affiliates at December 31, 2023, was \$3,498,374,545, based on the closing price per share of the registrant's common stock on that date of \$70.80 as reported on the New York Stock Exchange.

As of August 9, 2024, 49,947,498 shares of the registrant's common stock were outstanding.

#### **DOCUMENTS INCORPORATED BY REFERENCE**

Selected portions of the Company's fiscal year 2024 definitive Proxy Statement are incorporated by reference into Part III of this Report.

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## PART I

### Item 1. Business

#### (a) General Development of Business:

Carpenter Technology Corporation, founded in 1889, is engaged in the manufacturing, fabrication and distribution of specialty metals. As used throughout this report, unless the context requires otherwise, the terms "Carpenter," "Carpenter Technology," "Company," "Registrant," "Issuer," "we" and "our" refer to Carpenter Technology Corporation.

#### (b) Financial Information About Segments:

We are organized in two reportable business segments: Specialty Alloys Operations ("SAO") and Performance Engineered Products ("PEP"). See Note 19 to our consolidated financial statements included in Item 8. "Financial Statements and Supplementary Data" for additional segment reporting information.

#### (c) Narrative Description of Business:

##### (1) General:

We are a producer and distributor of premium specialty alloys, including titanium alloys, powder metals, stainless steels, alloy steels, and tool steels. We are a recognized leader in high-performance specialty alloy-based materials and process solutions for critical applications in the aerospace, defense, medical, transportation, energy, industrial and consumer markets. We have evolved to become a pioneer in premium specialty alloys, including titanium, nickel, and cobalt, as well as alloys specifically engineered for additive manufacturing processes and soft magnetics applications.

##### *Reportable Segments*

The SAO segment is comprised of the Company's major premium alloy and stainless steel manufacturing operations. This includes operations performed at mills primarily in Reading and Latrobe, Pennsylvania and surrounding areas as well as South Carolina and Alabama. The combined assets of the SAO segment are managed in an integrated manner to optimize efficiency and profitability across the total system.

The PEP segment is comprised of the Company's differentiated operations. This segment includes the Dynamet titanium business, the Carpenter Additive business and the Latrobe and Mexico distribution businesses. The businesses in the PEP segment are managed with an entrepreneurial structure to promote flexibility and agility to quickly respond to market dynamics.

##### (2) Raw Materials:

Our business depends on continued receipt of critical raw materials for our day to day operations. These raw materials include nickel, cobalt, chromium, manganese, molybdenum, titanium, iron and scrap containing the named alloys. Some of the sources of these raw materials, many of which are international, could be subject to potential interruptions of supply as a result of political events, labor unrest or other reasons. These potential interruptions could cause material shortages and affect availability and price. We have arrangements with certain vendors to provide consigned materials at our manufacturing facilities available for our consumption as necessary.

We have long-term relationships with major suppliers who provide availability of material at competitive prices. Purchase prices of certain raw materials have historically been volatile. We use pricing surcharges, indexing mechanisms, base price adjustments and raw material forward contracts to reduce the impact on our business of changing prices for the most significant of these materials. There can be delays between the time of the increase in the price of raw materials and the realization of the benefits of such mechanisms or actions that could have a short-term impact on our results and could affect the comparability of our results from period to period.

**(3) Patents and Licenses:**

We own a number of United States and international patents and have granted licenses under some of them. In addition, certain products that we produce are covered by patents held or owned by other companies from whom licenses have been obtained. The duration of a patent issued in the United States is between 14 and 20 years from the date of filing a patent application or issuance of the patent. The duration of a patent issued outside of the United States varies from country to country. Generally, patent licenses are structured to match the duration of the underlying patent. Although these patents and licenses are believed to be of value, we do not consider our business to be materially dependent upon any single such item or related group of such items.

**(4) Seasonality of Business:**

Our sales can be influenced by seasonal factors with the first six months of the fiscal year typically being lower, principally because of annual plant vacation and maintenance shutdowns by us, as well as by many of our customers. However, the timing of major changes in the general economy or the markets for certain products can alter this pattern.

**(5) Customers:**

On a consolidated basis, we are not dependent upon a single customer, or very few customers, such that the loss of any one or more particular customers would have a materially adverse effect on our consolidated statement of operations. No single customer accounted for 10 percent or more of total net sales for the years ended June 30, 2024, June 30, 2023 and June 30, 2022. No single customer accounted for 10 percent or more of the accounts receivable outstanding at June 30, 2024 or June 30, 2023. See Note 19 to our consolidated financial statements included in Item 8. "Financial Statements and Supplementary Data" for additional information.

**(6) Backlog:**

As of June 30, 2024, we had a sales backlog of orders excluding surcharge, believed to be firm, of approximately \$2,256.6 million, significantly all of which is expected to be shipped within fiscal years 2025 and 2026. Our backlog of orders excluding surcharge as of June 30, 2023, was approximately \$2,123.3 million.

**(7) Competition:**

We are leaders in specialty materials for critical applications with over 130 years of metallurgical and manufacturing expertise. Our business is highly competitive. We manufacture and supply materials to a variety of end-use market sectors and compete with various companies depending on the end-use market, product or geography. A significant portion of the products we produce are highly engineered materials for demanding applications. There are less than ten companies producing one or more similar products that we consider our major competitors for our high-value products used in demanding applications. Many of our products are generally required to meet complex customer product specifications and often require the materials to be qualified prior to supplying the customer. Our experience, technical capabilities, product offerings and research and development efforts represent barriers to existing and potential competitors.

For other products, there are several dozen smaller producing companies and converting companies that are also competitors, as well as several hundred independent distributors of products similar to those distributed by us. Additionally, numerous foreign companies produce various specialty metal products similar to those produced by us. Furthermore, a number of different products may, in certain instances, be substituted for our finished products.

**(8) Research, Product and Process Development:**

Our expenditures for Company-sponsored research and development were \$25.6 million, \$24.4 million and \$20.4 million in fiscal years 2024, 2023 and 2022, respectively. We believe that our ability to be an innovator in special material development and manufacturing processes has been and will continue to be an important factor in the success of the Company. Our worldwide staff of expert metallurgists, research and development scientists, engineers and service professionals work closely with our customers to identify and provide innovative solutions to specific product requirements.

**(9) Environmental Regulations:**

We are subject to various stringent federal, state, local and international environmental laws and regulations relating to pollution, protection of public health and the environment, natural resource damages and occupational safety and health. Management evaluates the liability for future environmental remediation costs on a quarterly basis. We accrue amounts for environmental remediation costs representing management's best estimate of the probable and reasonably estimable costs relating to environmental remediation. For further information on environmental remediation, see the Contingencies section included in Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the notes to our consolidated financial statements included in Item 8. "Financial Statements and Supplementary Data."

Our costs of maintaining and operating environmental control equipment were \$17.4 million, \$15.7 million and \$14.8 million for fiscal years 2024, 2023 and 2022, respectively. The capital expenditures for environmental control equipment were \$0.7 million, \$0.3 million and \$1.1 million for fiscal years 2024, 2023 and 2022, respectively. We anticipate spending approximately \$2.3 million on domestic environmental capital projects over the next five fiscal years. This includes approximately \$2.0 million in fiscal year 2025. Due to the possibility of future regulatory developments, the amount of future capital expenditures may vary from these estimates.

**(10) Human Capital Resources:**

We maintain a high-performance work environment that supports our vision to be the preferred solutions provider in specialty materials. We value our employees and help them build careers that are as resilient, innovative and valuable as our work for our customers. We are committed to increasing employee engagement by leveraging the diversity and drive of our people, maximizing their talents, empowering them and supporting their career aspirations.

**Health and Safety:** Safety is our number one Core Value. We believe that a Zero Injury workplace is achievable and relentlessly pursue measures to increase safety and accountability for our employees. We are proactive in our approach to safety, working to eliminate hazards before causing injury or harm. We invest in our employees by providing appropriate tools, resources and education necessary to achieve a Zero Injury workplace.

**Talent Acquisition:** We are always looking for nimble, smart, growth-minded people – regardless of background – to help our organization continue to succeed. We strive to be an employer of choice in the communities that we operate. We have built an organizational culture that seeks to be transparent, supportive of work/life balance, welcoming of diverse viewpoints, treating all with dignity and respect and supporting each individuals' needs for professional growth and development.

**Performance Management:** Our formalized bi-annual performance review process accelerates employee growth and development at every stage of the process: (1) objectives and goal setting, (2) ongoing performance check-ins and coaching, as well as (3) performance evaluation and review. We also have Structured Individual Development Plans to assist managers in effectively setting targeted development activities for their direct reports and aligning those activities with business priorities.

**Engagement:** We regularly conduct a company-wide Employee Engagement Survey to collect tangible data to make our Company even better. The survey is conducted across the organization to seek input from all employees. The survey questions are updated regularly and cover a wide variety of topics, including safety, culture, diversity, inclusion and belonging, work/life balance and leadership and career development. Using the feedback provided by the Employee Engagement Survey, specific action plans are developed to address areas of concern or opportunities for improvement across the organization.

**Professional Development:** Our employees enjoy a wide variety of rewards that assist with engagement and development. From traditional items such as compensation to less traditional aspects such as work-life balance, hybrid and remote work arrangements, future career opportunities, and innovative work.

**Diversity and Inclusion:** We have a culture that blends our different backgrounds, experiences and perspectives from all employees. We seek to ensure that all our employees feel welcomed. Our values underlie our goal to ensure all employees are treated equally with dignity and respect regardless of their race, age, gender identity, or sexual orientation. Our Diversity, Inclusion and Belonging Committee plays a critical role in advancing us to the next level of awareness and engagement.

**Governance:** Our policy is to comply with the letter and spirit of all laws that govern our operations and to adhere to the highest standards of business ethics. We implemented general legal and ethical guidelines in our "Code of Conduct." The guidelines apply to all employees and majority-owned affiliates, including subsidiaries, both in the United States and other countries.

As of June 30, 2024, our total workforce consisted of approximately 4,600 employees, which included 184 production employees in Washington, Pennsylvania, who are covered under a collective bargaining agreement which expires on August 31, 2025, and 450 employees in Latrobe, Pennsylvania who are covered under a collective bargaining agreement which expires on July 31, 2027. We believe our relations with our employees are generally good.

**(d) Financial information about foreign and domestic operations and export sales:**

Sales outside of the United States, including export sales, were \$1,136.7 million, \$994.1 million and \$656.4 million in fiscal years 2024, 2023 and 2022, respectively. Long-lived assets held outside of the United States were \$5.2 million and \$15.7 million as of June 30, 2024 and 2023, respectively. For further information on domestic and international sales, see Note 4 to our consolidated financial statements included in Item 8. "Financial Statements and Supplementary Data."

**(e) Available Information:**

Our Board of Directors has adopted a Code of Ethics for the Chief Executive Officer and Chief Financial Officer of Carpenter Technology Corporation, which is also applicable to our other executive officers. There were no waivers of the Code of Ethics in fiscal year 2024. The Code of Ethics and any information regarding any waivers of the Code of Ethics are disclosed on Carpenter's website at [www.carpentertechnology.com](http://www.carpentertechnology.com). Our annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K, filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, are available free of charge through our website as soon as reasonably practicable after we electronically file such material with, or furnish such material to, the Securities and Exchange Commission ("SEC"). Our website and the content contained therein or connected thereto are not intended to be incorporated into this Annual Report on Form 10-K.

The SEC maintains an Internet site that contains reports, proxy and other information regarding issuers that file electronically. Such information can be accessed through the Internet at [www.sec.gov](http://www.sec.gov).

**Item 1A. Risk Factors**

There are inherent risks and uncertainties associated with all businesses that could adversely affect operating performances or financial conditions. The following discussion outlines the risks and uncertainties that management believes are the most material to our business. However, these are not the only risks or uncertainties that could affect our business. Certain risks are associated specifically with our business, industry or customer base, while others have a broader effect.

***The demand for certain products we produce may be cyclical.***

Demand in our end-use markets can be cyclical in nature and sensitive to general economic conditions, competitive influences and fluctuations in inventory levels throughout the supply chain. As such, our results of operations, financial condition, cash flows and availability of credit could fluctuate significantly from period to period.

***A significant portion of our sales represents products sold to customers in the commercial aerospace and defense and energy markets. The cyclicity of those markets can adversely affect our current business and our expansion objectives.***

The commercial aerospace and defense market is historically cyclical due to both external and internal market factors. These factors include general economic conditions, airline profitability, consumer demand for air travel, varying fuel and labor costs, price competition and international and domestic political conditions such as military conflict and the threat of terrorism. The length and degree of cyclical fluctuation can be influenced by any one or combination of these factors and therefore are difficult to predict with certainty. A downturn in the commercial aerospace and defense industry would adversely affect the demand for our products and/or the prices at which we are able to sell our products; our results of operations and financial condition could be materially adversely affected.

The energy market has also been historically cyclical, principally as a result of volatile oil prices that impact demand for our products. Our future success requires us to, among other things, expand in key international energy markets by successfully adding to our customer base, distribution channels and product portfolio. The volatility of oil prices and other factors that contribute to the cyclicity of the energy market will impact our ability to expand successfully in this area and may adversely affect our results of operations and financial condition.

***Any significant delay or inability to successfully expand our operations in a timely and cost-effective manner could materially adversely affect our business, financial condition and results of operations.***

Over the last few years, we have undertaken capital projects associated with expanding our production capacity and capability. These projects place a significant demand on management and operational resources. Our success in expanding our operations in a cost-effective manner depends upon numerous factors including the ability of management to ensure the necessary resources are in place to properly execute these projects, our ability to obtain the necessary internal and customer qualifications to produce material from the facilities and our ability to operate the facilities to maximize the potential opportunities with minimal impacts to our existing operations. If we are not able to achieve the anticipated results from our capital expansion projects, or if we incur unanticipated delays, or excess costs, our results of operations and financial position may be materially adversely affected.

***Periods of reduced demand and excess supply as well as the availability of substitute lower cost materials can adversely affect our ability to price and sell our products at the profitability levels we require to be successful.***

Additional worldwide capacity and reduced demand for our products could significantly impact future worldwide pricing which would adversely impact our results of operations and financial condition. In addition, continued availability of lower cost, substitute materials may cause significant fluctuations in future results as our customers opt for a lower cost alternative.

We change prices on our products as we deem necessary. In addition to the above general competitive impact, other market conditions and various economic factors beyond our control can adversely affect the timing of our pricing actions. The effects of any pricing actions may be delayed due to long manufacturing lead times or the terms of existing contracts. There is no guarantee that the pricing actions we implement will be effective in maintaining the Company's profit margin levels.

***We rely on third parties to supply certain raw materials and supplies that are critical to the manufacture of our products and we may not be able to access alternative sources of these raw materials if the suppliers are unwilling or unable to meet our demand.***

Costs of certain critical raw materials, such as nickel, cobalt, chromium, manganese, molybdenum, titanium, iron and scrap containing these alloys have been volatile due to factors beyond our control. We expect to mitigate most of the adverse impact of rising raw material costs through raw material surcharges, indices to customers and raw material forward contracts, but changes in business conditions could adversely affect our ability to recover rapid increases in raw material costs and may adversely affect our results of operations.

In addition, the availability of critical raw materials and supplies is subject to factors that are not in our control. In some cases, these critical raw materials and supplies are purchased from suppliers operating in countries that may be subject to unstable political and economic conditions. At any given time, we may be unable to obtain an adequate supply of these critical raw materials and supplies on a timely basis, at prices and other terms acceptable to us, or at all.

If suppliers increase the price of critical raw materials or are unwilling or unable to meet our demand, we may not have alternative sources of supply. In addition, to the extent that we have quoted prices to customers and accepted customer orders for products prior to purchasing necessary raw materials, or have existing contracts, we may be unable to raise the price of products to cover all or part of the increased cost of the raw materials to our customers.

The manufacture of some of our products is a complex process and requires long lead times. As a result, we may experience delays or shortages in the supply of raw materials. If unable to obtain adequate and timely receipts of required raw materials, we may be unable to timely manufacture sufficient quantities of products. This could cause us to lose sales, incur additional costs, delay new product introductions or suffer harm to our reputation.

***We provide benefits to active and retired employees throughout most of our Company, most of which are not covered by insurance; and thus, our financial condition can be adversely affected if our investment returns are insufficient to meet these obligations.***

We have obligations to provide substantial benefits to active and retired employees, and most of the associated costs are paid by the Company and are not covered by insurance. In addition, certain employees are covered by defined benefit pension plans, with the majority of our plans covering employees in the United States. Benefits accrued to eligible participants of our largest qualified defined benefit pension plan and certain non-qualified pension plans were frozen effective December 31, 2016. Many domestic and international competitors do not provide defined benefit plans and/or retiree health care plans, and other international competitors operate in jurisdictions with government sponsored health care plans that may offer them a cost advantage. A decline in the value of plan investments in the future, an increase in costs or liabilities or unfavorable changes in laws or regulations that govern pension plan funding could materially change the timing and amount of required pension funding. A requirement to accelerate or increase pension contributions in the future could have a material adverse effect on our results of operations, cash flows and financial condition.

***The extensive environmental, health and safety regulatory regimes applicable to our manufacturing operations create potential exposure to significant liabilities.***

The nature of our manufacturing business subjects our operations to numerous and varied federal, state, local and international laws and regulations relating to pollution, protection of public health and the environment, natural resource damages and occupational safety and health. We have used, and currently use and manufacture, substantial quantities of substances that are considered hazardous, extremely hazardous or toxic under worker safety and health laws and regulations. Although we implement controls and procedures designed to reduce continuing risk of adverse impacts and health and safety issues, we could incur substantial cleanup costs, fines and civil or criminal sanctions, third party property damage or personal injury claims as a result of violations, non-compliance or liabilities under these regulatory regimes required at our facilities.

We have environmental remediation liabilities at some of our owned operating facilities and have been designated as a potentially responsible party ("PRP") with respect to certain third party Superfund or similar waste disposal sites and other third party owned sites. Additionally, we have been notified that we may be a PRP with respect to other Superfund sites as to which no proceedings have been instituted against us. From time to time, we are a party to lawsuits and other proceedings involving alleged violations of, or liabilities arising from, environmental laws.

When our liability is probable and we can reasonably estimate our costs, we record environmental liabilities in our financial statements. However, in many cases, we are not able to determine whether we are liable, or if liability is probable, in order to reasonably estimate the loss or range of loss which could result from such environmental liabilities. Estimates of our liability remain subject to additional uncertainties, including the nature and extent of site contamination, available remediation alternatives, the extent of corrective actions that may be required, and the number and financial condition of other PRPs, as well as the extent of their responsibility for the remediation. We adjust our accruals to reflect new information as appropriate. Future adjustments could have a material adverse effect on our results of operations in a given period, but we cannot reliably predict the amounts of such future adjustments. Future developments, administrative actions or liabilities relating to environmental matters could have a material adverse effect on our financial condition, cash flows or results of operations.

***Our manufacturing processes, and the manufacturing processes of many of our suppliers and customers, are energy intensive and generate carbon dioxide and other "Greenhouse Gases," and pending legislation or regulation of Greenhouse Gases, if enacted or adopted in an onerous form, could have a material adverse impact on our results of operations, financial condition and cash flows.***

Political and scientific debates related to the impacts of greenhouse gas emissions on the global climate are prevalent. Regulation or some form of legislation aimed at reducing the greenhouse gas emissions is currently being considered both in the United States and globally. As a specialty alloy manufacturer, we will be affected, both directly and indirectly, if climate change legislation, such as use of a "cap and trade" system, is enacted and implemented. Such legislation could have a material adverse impact on our results of operations, financial condition and cash flows.

***Product liability and product quality claims could adversely affect our operating results.***

We produce ultra high strength, high temperature and corrosion-resistant alloys designed for our customers' demanding applications particularly in our Aerospace and Defense, Medical and Energy end-use markets. Failure of the materials that are included in our customers' applications could give rise to substantial product liability claims. There can be no assurance that our insurance coverage will be adequate or continue to be available on terms acceptable to us. We have a complex manufacturing process necessary to meet our customers' stringent product specifications. We are also required to adhere to various third party quality certifications and perform sufficient internal quality reviews to ensure compliance with established standards. If we fail to meet the customer specifications for their products, we may be subject to product quality costs and claims. These costs are generally not insured. The impacts of product liability and quality claims could have a material adverse impact on our results of operations, financial condition and cash flows.

***Our business subjects us to risks of litigation claims, as a routine matter, and this risk increases the potential for a loss that might not be covered by insurance.***

Litigation claims relate to the conduct of our currently and formerly owned businesses, including claims pertaining to product liability, commercial disputes, employment actions, employee benefits, compliance with domestic and international laws and regulations, personal injury, patent infringement and tax issues. Due to the uncertainties of litigation, we can give no assurance that we will prevail on claims made against us in the lawsuits that we currently face or that additional claims will not be made against us in the future. The outcome of litigation cannot be predicted with certainty, and some of these lawsuits, claims or proceedings may be determined adversely to us. The resolution in any reporting period of one or more of these matters could have a material adverse effect on our results of operations for that period. We can give no assurance that any other matters brought in the future will not have a material adverse effect on our results of operations, financial condition and cash flows.

***A portion of our workforce is covered by collective bargaining agreements and union attempts to organize our other employees may cause work interruptions or stoppages.***

Approximately 184 production employees at our Dynamet business unit located in Washington, Pennsylvania are covered by a collective bargaining agreement which expires on August 31, 2025. Approximately 450 production employees at our Latrobe business unit located in Latrobe, Pennsylvania are covered by a collective bargaining agreement which expires on July 31, 2027. There can be no assurance that we will succeed in concluding collective bargaining agreements with the unions to replace those that expire which could result in work interruptions and stoppages. From time to time, the employees at our manufacturing facility in Reading, Pennsylvania, participate in election campaigns or union organizing attempts. There is no guarantee that future organization attempts will not result in union representation.

***Our manufacturing processes are complex and depend upon critical, high cost equipment for which there may be only limited or no production alternatives.***

It is possible that we could experience prolonged periods of reduced production due to unplanned equipment failures, and we could incur significant repair or replacement costs in the event of those failures. It is also possible that operations could be disrupted due to other unforeseen circumstances such as power outages, explosions, fires, floods, accidents and severe weather conditions. We must make regular, substantial capital investments and changes to our manufacturing processes to lower production costs, improve productivity, manufacture new or improved products and remain competitive. We may not be in a position to take advantage of business opportunities or respond to competitive pressures if we fail to update, replace or make additions to our equipment or our manufacturing processes in a timely manner. The cost to repair or replace much of our equipment or facilities would be significant. We cannot be certain that we will have sufficient internally generated cash or acceptable external financing to make necessary capital expenditures in the future.

***A significant portion of our manufacturing and production facilities are located in Reading and Latrobe, Pennsylvania and Athens, Alabama, which increases our exposure to significant disruption to our business as a result of unforeseeable developments in these geographic areas.***

It is possible that we could experience prolonged periods of reduced production due to unforeseen catastrophic events occurring in or around our manufacturing facilities in Reading and Latrobe, Pennsylvania and Athens, Alabama. As a result, we may be unable to shift manufacturing capabilities to alternate locations, accept materials from suppliers, meet customer shipment needs or address other severe consequences that may be encountered. Our financial condition, cash flows and results of operations could be materially adversely affected.

***We rely on third parties to supply energy consumed at each of our energy-intensive production facilities.***

The prices for and availability of electricity, natural gas, oil and other energy resources are subject to volatile market conditions. These market conditions often are affected by political and economic factors beyond our control. Disruptions or lack of availability in the supply of energy resources could temporarily impair the ability to operate our production facilities. Further, increases in energy costs, or changes in costs relative to energy costs paid by competitors, have affected and may continue to adversely affect our profitability. To the extent that these uncertainties cause suppliers and customers to be more cost sensitive, increased energy prices may have an adverse effect on our results of operations, financial condition and cash flows.

***We consider acquisitions, joint ventures and other business combination opportunities, as well as possible business unit dispositions, as part of our overall business strategy, that involve uncertainties and potential risks that we cannot predict or anticipate fully.***

From time to time, management holds discussions with management of other companies to explore such aforementioned opportunities. As a result, the relative makeup of the businesses comprising our Company is subject to change. Acquisitions, joint ventures and other business combinations involve various inherent risks. Such risks include difficulties in integrating the operations, technologies, products and personnel of the acquired companies, diversion of management's attention from existing operations, difficulties in entering markets in which we have limited or no direct prior experience, dependence on unfamiliar supply chains, insufficient revenues to offset increased expenses associated with acquisitions, loss of key employees of the acquired companies, inaccurate assessment of undisclosed liabilities, difficulties in realizing projected efficiencies, synergies and cost savings, and increases in our debt or limitation on our ability to access additional capital when needed.

***Regulations related to conflict minerals could adversely impact our business.***

The SEC has promulgated final rules mandated by the Dodd-Frank Act regarding disclosure of the use of tin, tantalum, tungsten and gold, known as conflict minerals, in products manufactured by public companies. These rules require due diligence to determine whether such minerals originated from the Democratic Republic of the Congo (the "DRC") or an adjoining country and whether such minerals helped finance the armed conflict in the DRC. The Company timely filed its latest annual conflict minerals report required by the rules on May 28, 2024. There are costs associated with complying with these disclosure requirements going forward, including costs to determine the origin of conflict minerals used in our products. In addition, the implementation of these rules could adversely affect the sourcing, supply and pricing of materials used in our products. Also, we may face disqualification as a supplier for customers and reputational challenges if the due diligence procedures we continue to implement do not enable us to verify the origins for all conflict minerals or to determine that such minerals are DRC conflict-free.

***Our business may be impacted by external factors that we may not be able to control.***

War (such as the current war in Ukraine, the war between Israel and HAMAS, and the Houthi attacks on commercial shipping vessels and other naval vessels), civil conflict, terrorism, other geopolitical and diplomatic tensions, natural disasters, climate change and public health issues including domestic or international pandemics, other outbreaks of contagious diseases and other adverse public health developments have caused or could cause damage or disruption to domestic or international commerce by creating economic or political uncertainties. Additionally, the volatility in the financial markets could negatively impact our business. These events could result in a decrease in demand for our products, affect the availability of credit facilities to us, our customers or other members of the supply chain necessary to transact business, make it difficult or impossible to deliver orders to customers or receive materials from suppliers, affect the availability or pricing of energy sources or result in other severe consequences that may or may not be predictable. As a result, our business, financial condition and results of operations could be materially adversely affected.

***Our international operations and global sales expose us to various risks including the impact of tariffs, which may adversely affect our business.***

Risks associated with international operations include without limitation: political and economic instability, including weak conditions in the world's economies; difficulty in collecting accounts receivable; unstable or unenforced export controls; changes in legal and regulatory requirements; policy changes affecting the markets for our products; changes in duties, quotas, tariffs and taxes; changes in taxation including the ability to repatriate earnings; and exchange rate fluctuations (which may affect sales to international customers and the value of profits earned on international sales when converted into U.S. dollars). In addition, we will need to invest in building our capabilities and infrastructure to meet our international growth goals. Any of these factors could materially adversely affect our results for the period in which they occur.

Significant changes to United States and international trade policies continue to emerge and activity levels have increased with regard to new import and export tariffs, retaliatory tariffs, and quotas; modifications to international trade policy; the withdrawal from or renegotiation of certain trade agreements; and other changes. These changes, including any implementation of or changes in trade sanctions, tariffs and embargoes, could materially adversely impact our business or require us to make changes to our current business practices or supply chain.

***We value most of our inventory using the LIFO method, which could be repealed resulting in adverse effects on our cash flows and financial condition.***

The cost of our inventories is primarily determined using the Last-In, First-Out ("LIFO") method. Under the LIFO inventory valuation method, changes in the cost of raw materials and production activities are recognized in cost of sales in the current period even though these materials and other costs may have been incurred at significantly different values due to the length of time of our production cycle. Generally, in a period of rising prices, LIFO recognizes higher costs of goods sold, which both reduces current income and assigns a lower value to the year-end inventory. From time to time, there have been proposals aimed at repealing the election to use the LIFO method for income tax purposes. According to these proposals, generally taxpayers that currently use the LIFO method would be required to revalue their LIFO inventory to its First-In, First-Out ("FIFO") value. As of June 30, 2024, if the FIFO method of inventory had been used instead of the LIFO method, our inventories would have been approximately \$371.0 million higher. This increase in inventory would result in a one-time increase in taxable income which may be taken into account over the following several taxable years. The repeal of the LIFO method could result in a substantial tax liability which could adversely impact our cash flows and financial condition.

***We depend on the ability to hire and retain a qualified workforce and key personnel.***

Much of our future success depends on the continued service and availability of skilled personnel, including members of our executive management team, management, metallurgists and production positions. Failure to attract, hire, develop, motivate, and retain highly qualified employee talent, or failure to develop and implement an adequate succession plan for the management team, could disrupt our operations and adversely affect our business and our future success.

***Cybersecurity attacks and other security breaches or failures in functionality of our information technology ("IT") and computer systems could adversely impact our financial condition and results of operations and compromise the integrity of confidential data.***

Management relies extensively on IT infrastructure, including hardware, networks, software, people and processes, to provide useful information to conduct our business and support assessments and conclusions about operating performance. Our inability to produce relevant and/or reliable measures of operating performance in an efficient, cost-effective and well-controlled fashion may have significant negative impacts on our future operations. In addition, any material failure, interruption of service, or compromised data security could adversely affect our operations. Security breaches in our IT could result in theft, destruction, loss, misappropriation or release of confidential data or intellectual property which could adversely impact our future results.

We are regularly the target of attempted cyber and other security threats and must continuously monitor and develop our IT networks and infrastructure to prevent, detect, address and mitigate the risk of unauthorized access, misuse, computer viruses and other events that could have a security impact. Cybersecurity attacks are evolving in both frequency and sophistication and could be made by both internal and external individuals or groups with an extensive range of motives. If we are unable to prevent cybersecurity attacks and other information security breaches, we may encounter significant disruptions in our operations which could adversely impact our business, financial condition and results of operations or result in the unauthorized disclosure of confidential information. Such breaches may also harm our reputation, result in financial losses or subject us to litigation or other costs or penalties.

***The carrying value of goodwill and other long-lived assets may not be recoverable.***

Goodwill and other long-lived assets including property, plant, equipment and software and other intangible assets are recorded at fair value on the date of acquisition. We review these assets at least annually for impairment. Impairment may result from, among other things, deterioration in performance, adverse market conditions, adverse changes in applicable laws or regulations and a variety of other factors. Any future impairment of goodwill or other long-lived assets could have a material adverse effect on our results of operations.

***Our ability to produce timely and accurate financial statements may be impacted if we fail to maintain an effective system of disclosure controls and internal control over financial reporting.***

We are subject to the reporting requirements of the Sarbanes-Oxley Act of 2002 ("Sarbanes-Oxley"). Sarbanes-Oxley requires, among other things, that we maintain effective disclosure controls and procedures and internal control over financial reporting. We are also required to make a formal assessment and provide an annual management report on the effectiveness of our internal control over financial reporting, which must be attested to by our independent registered public accounting firm. In order to maintain the effectiveness of our disclosure controls and procedures and internal control over financial reporting, we have expended, and anticipate that we will continue to expend, resources, including accounting-related costs and management oversight.

**Item 1B. Unresolved Staff Comments**

None.

**Item 1C. Cybersecurity**

Carpenter Technology's cybersecurity team and organizational partnerships are designed to protect our employees, intellectual property and customers from various cyber threats. Our cybersecurity team strives to achieve these protections through obtaining leading certifications and regular engagement with third parties and federal organizations to further protect our information. While we continually work to safeguard the information systems we use, and the proprietary, confidential and personal information residing therein, and mitigate potential risks, there can be no assurance that such actions will be sufficient to prevent cybersecurity incidents or mitigate all potential risks to such systems, networks and data or those of our third party providers. See "Item 1A. Risk Factors" for a discussion of cybersecurity risks.

**Risk Management and Strategy**

As cybersecurity risks continue to evolve and potentially affect businesses globally, Carpenter Technology understands that protecting business, employee, and customer information, data, and systems is of critical importance. Through a series of cybersecurity imperatives aligned with the National Institute of Standards and Technology (NIST), Carpenter Technology assesses, identifies and manages potential cyber risks. Imperatives include:

- Increasing Visibility: Improve understanding of what to protect
- Rapid Response: Mitigate the amount of damage that could occur
- Shrink Surface of Attack: Reduce the total resources exposed to cyber threat
- Identity Management: Ensure the right people have correct access
- Supply Chain Risk Management: Manage security risks introduced by vendors and third parties
- Data-Centric Security: Protect data throughout the lifecycle

Carpenter Technology's multi-faceted cybersecurity program includes implementation of leading technologies to detect evolving cyber threats, recurring regular cybersecurity training to keep employees situationally aware, mock security exercises to prepare for rapid response, penetration tests to continuously improve operations, and internal audits to confirm controls are operating effectively. Carpenter Technology also maintains strong partnerships with law enforcement, leading academic institutions and peers in the manufacturing industry to stay informed of the latest cybersecurity developments and trends in the ever-evolving threat landscape. Employees annually review and acknowledge an information systems Acceptable Use Policy. Information Technology associates participate in comprehensive annual training including DFARS and Sarbanes-Oxley compliance training.

Carpenter Technology maintains a Cybersecurity Incident Response Plan ("CIRP") which provides specific guidance and documentation for proper incident handling and communication. The CIRP applies to all locations and situations where Carpenter Technology business is conducted. All cybersecurity incidents, regardless of severity, are to be promptly handled according to this plan. The CIRP will invoke Carpenter Technology's business continuity and crisis management processes for the most severe incidents.

Additionally, Carpenter Technology leverages third party security firms in various capacities to assist with various aspects of Carpenter Technology's cybersecurity program, including risk assessments, vulnerability scans, and penetration testing. Carpenter Technology uses a variety of processes to address cybersecurity threats related to the use of third party technology and services, such as reviewing independent assessments of the third party's cyber/information security controls, such as Systems and Organization Controls 2 audits or other standards-based assessments, where appropriate. As part of Carpenter Technology's process to continuously improve its cyber and information security programs, Carpenter Technology also engages third party subject matter experts to assess and evaluate the effectiveness of various aspects of such programs.

As of the date of this Annual Report on Form 10-K, we are not aware of any risks from the cybersecurity threats that have materially affected or are reasonably likely to materially affect us, including our business strategy, results of operations and financial condition.

## **Governance**

### ***Board of Directors Oversight***

The Board of Directors is provided regular updates on the Company's cybersecurity program. The Audit/Finance Committee of the Board of Directors oversees the Company's risk management program, including cyber and information security. The Board of Directors is also regularly briefed on Carpenter Technology's cybersecurity risks and mitigation efforts. The oversight of our cybersecurity risk is integrated into our Enterprise Risk Management ("ERM") process owned by management and facilitated by Carpenter Technology's Internal Audit department. The ERM program includes an annual risk prioritization process designed to identify key enterprise risks. Each key enterprise risk is assigned risk owners to establish action plans and implement risk mitigation strategies. The annual risk assessment is presented to the full Board of Directors at least once per year, with regular updates presented quarterly to the Audit/Finance Committee.

### ***Management's Role in Cybersecurity Risk Management***

We have a dedicated Chief Information Security Officer ("CISO") with overall responsibility for the cybersecurity program, including threat detection and response, vulnerability management, governance, risk and compliance, security strategy and architecture, security engineering and operations, product and operational technology security. The current CISO has 15+ years of experience in the cybersecurity field and has broad expertise in cybersecurity threat assessments and detection, mitigation technologies, cybersecurity training and incident response. The CISO's credentials include a Master of Science Degree in Information Security Management from SANS Technology Institute and a CISO Certificate from Carnegie Mellon University. The CISO holds multiple certifications including CISSP, CISA, GCIH, GCIA and PMP.

Pursuant to our formal CIRP, suspected cybersecurity incidents are first evaluated by the Carpenter Technology Cybersecurity Team Leader who follows the guidance as outlined in the CIRP to respond to cybersecurity incidents and escalate as necessary based on a defined severity matrix. Based on the nature and severity of the incident, the response team may be comprised of representatives from our Information Technology, Human Resources, Safety, Legal, Finance and Communications departments, who jointly determine if the incident may result in a business interruption, require reporting to regulators, employees and/or business partners, have a material financial impact or cause reputational harm and should be escalated to the executive crisis response team, which includes Chief Executive Officer, Chief Financial Officer and General Counsel. For all matters that have been escalated, the responsible team executes specified procedures to contain the incident, implement incident response procedures and implement and document remediation measures.

## **Item 2. Properties**

The principal locations of our primary domestic integrated mills in our SAO segment are located in Reading and Latrobe, Pennsylvania and Athens, Alabama. In addition, SAO manufactures bar products in Orwigsburg, Pennsylvania and Elyria, Ohio and operates a mini-mill in Hartsville, South Carolina, manufacturing bar and wire products. The principal locations for the PEP businesses include titanium alloy production facilities located in Washington, Pennsylvania and Clearwater, Florida and a powder products manufacturing facility in Athens, Alabama. The PEP segment includes domestic leased warehouses and service centers located in Washington, Pennsylvania and Vienna, Ohio.

The Reading, Hartsville, Washington, Orwigsburg, Elyria, Latrobe, and Athens facilities are owned. The Clearwater facility is owned, but the land is leased.

We also own or lease manufacturing facilities, distribution centers, service centers and sales offices in a number of foreign countries, including Belgium, Canada, China, Mexico, Singapore, Sweden, Taiwan and the United Kingdom.

Our corporate offices, located in Philadelphia, Pennsylvania, and Raleigh, North Carolina, are leased.

Our plants, customer service centers and distribution centers were acquired or leased at various times over numerous years. There is an active maintenance program to ensure a safe operating environment and to keep facilities in good condition. In addition, we have an active capital spending program to replace equipment as needed to keep it technologically competitive on a worldwide basis. We believe our facilities are in good condition and suitable for our business needs.

## **Item 3. Legal Proceedings**

From time to time, we are a party to lawsuits and other proceedings involving alleged violations of, or liabilities arising from, environmental laws. We have environmental remediation liabilities at some of our owned operating facilities and have been designated as a PRP with respect to certain third party Superfund or similar waste disposal sites and other third party owned sites. Additionally, we have been notified that we may be a PRP with respect to other Superfund sites as to which no proceedings have been instituted against us. Estimates of the amount and timing of future costs of environmental remediation requirements are inherently imprecise because of the continuing evolution of environmental laws and regulatory requirements, the availability and application of technology, the identification of currently unknown remediation sites and the allocation of costs among the PRPs. Based upon information currently available, such future costs are not expected to have a material effect on our financial position, results of operations or cash flows over the long-term. However, such costs could be material to our financial position, results of operations or cash flows in a particular future quarter or year.

In addition, from time to time, we are a party to certain routine claims and legal actions and other contingent liabilities incident to the normal course of business which pertain to litigation, product claims, commercial disputes, employment actions, employee benefits, compliance with domestic and foreign laws and regulations, personal injury claims, patent infringement and tax issues. Based on information currently available, the ultimate resolution of our known contingencies, individually or in the aggregate and including the matters described in Note 12 to the consolidated financial statements in this Form 10-K, is not expected to have a material adverse effect on our financial position, cash flows or results of operations. However, there can be no assurance that an increase in the scope of pending matters or that any future lawsuits, claims, proceedings or investigations will not be material to our financial position, results of operations or cash flows in a particular future quarter or year.

See the "Contingencies" section included in Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operation," and the "Contingencies and Commitments" section included in Note 12 to our consolidated financial statements included in Item 8. "Financial Statements and Supplementary Data," included in this Form 10-K, the contents of which are incorporated by reference to this Item 3.

## **Item 4. Mine Safety Disclosures**

Not applicable.

## **Item 4A. Executive Officers of the Registrant**

Listed below are the names of our corporate executive officers, including those required to be listed as executive officers for SEC purposes, each of whom assumes office after the annual organization meeting of the Board of Directors which immediately follows the Annual Meeting of Stockholders.

Tony R. Thene was appointed President and Chief Executive Officer effective July 1, 2015. Mr. Thene joined Carpenter Technology in January 2013 and served as the Senior Vice President and Chief Financial Officer. Prior to joining Carpenter Technology, Mr. Thene was employed for 23 years by Alcoa Inc., a leading producer of primary and fabricated aluminum, holding various management positions.

Timothy Lain was appointed Senior Vice President and Chief Financial Officer effective August 11, 2020. Mr. Lain joined Carpenter Technology in June 2007. From June 2013 to September 2018, he served as the Vice President-Controller and Chief Accounting Officer. He served as the Vice President and Chief Financial Officer from September 2018 until August 2020. Prior to joining the Company, Mr. Lain served as Audit Director at McGladrey & Pullen LLP, a certified public accounting firm.

Brian J. Malloy was appointed Senior Vice President and Chief Operating Officer effective December 4, 2023. Mr. Malloy previously served as the Senior Vice President and Group President of the SAO business segment from April 2022 until December 2023. He also served as Senior Vice President and Group President of the PEP segment from February 2022 until April 2022; Mr. Malloy assumed interim leadership of the PEP business segment in July of 2021, while serving as Senior Vice President and Chief Commercial Officer, the role he held since August of 2020. Mr. Malloy joined Carpenter Technology in August 2015 as Vice President, Sales & Customer Service for SAO. He served as Vice President and Chief Commercial Officer from March 2016 until August 2020. Prior to joining Carpenter Technology, Mr. Malloy worked for Global Precision Tubes where he was the Senior Vice President & Chief Strategy Officer. During Mr. Malloy's two years in this role, he was responsible for business development, strategy and the commercial organizations. Mr. Malloy's previous experience includes key roles at Alcoa, Inc., where his last position was Vice President, Commercial for Industrial Gas Turbines in the Power and Propulsion business unit.

James D. Dee was appointed Senior Vice President, General Counsel and Secretary effective August 11, 2020. Mr. Dee served as Vice President, General Counsel and Secretary from September 2010 until August 2020. Mr. Dee joined Carpenter Technology from C&D Technologies where he last served as Senior Vice President, General Counsel, Secretary and Chief Administrative Officer. Prior to his tenure at C&D Technologies, Mr. Dee was employed by the law firm of Montgomery, McCracken, Walker & Rhodes, LLP. Mr. Dee also worked 16 years at SPS Technologies, Inc., where he last served as Vice President, General Counsel and Secretary.

Marshall D. Akins was appointed Vice President - Chief Commercial Officer effective February 21, 2022. Mr. Akins joined Carpenter Technology in February 2016 and served as Vice President - Aerospace until February 2022. Prior to joining Carpenter Technology, Mr. Akins served as Principal at the Boston Consulting Group, a global management consulting firm. Mr. Akins was responsible for a wide range of strategic and operational engagements within the Industrial Goods practice, primarily focusing on company growth and effectiveness.

<b>Name</b>	<b>Age</b>	<b>Position</b>	<b>Assumed Present Position</b>
Tony R. Thene	63	President and Chief Executive Officer	July 2015
Timothy Lain	52	Senior Vice President and Chief Financial Officer	August 2020
Brian J. Malloy	57	Senior Vice President and Chief Operating Officer	December 2023
James D. Dee	67	Senior Vice President, General Counsel and Secretary	August 2020
Marshall D. Akins	41	Vice President - Chief Commercial Officer	February 2022

**PART II****Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities**

Our common stock is listed on the New York Stock Exchange ("NYSE") and traded under the symbol "CRS." The following table sets forth, for the periods indicated, the high and low prices for our common stock as reported by the NYSE:

Period Ended:	Fiscal Year 2024		Fiscal Year 2023	
	High	Low	High	Low
September 30,	\$ 71.19	\$ 51.94	\$ 39.43	\$ 24.76
December 31,	\$ 74.06	\$ 60.38	\$ 43.32	\$ 31.81
March 31,	\$ 71.65	\$ 58.87	\$ 52.50	\$ 35.72
June 30,	\$ 112.75	\$ 70.19	\$ 56.34	\$ 40.57
Annual June 30,	\$ 112.75	\$ 51.94	\$ 56.34	\$ 24.76

The range of our common stock price on the NYSE from July 1, 2024 to August 9, 2024 was \$103.37 to \$148.94. The closing price of the common stock was \$139.31 on August 9, 2024.

We have paid quarterly cash dividends on our common stock since 1906. We paid a quarterly dividend of \$0.20 per share of common stock during each quarter of fiscal years 2024 and 2023, respectively.

As of August 9, 2024, there were 1,516 common stockholders of record.

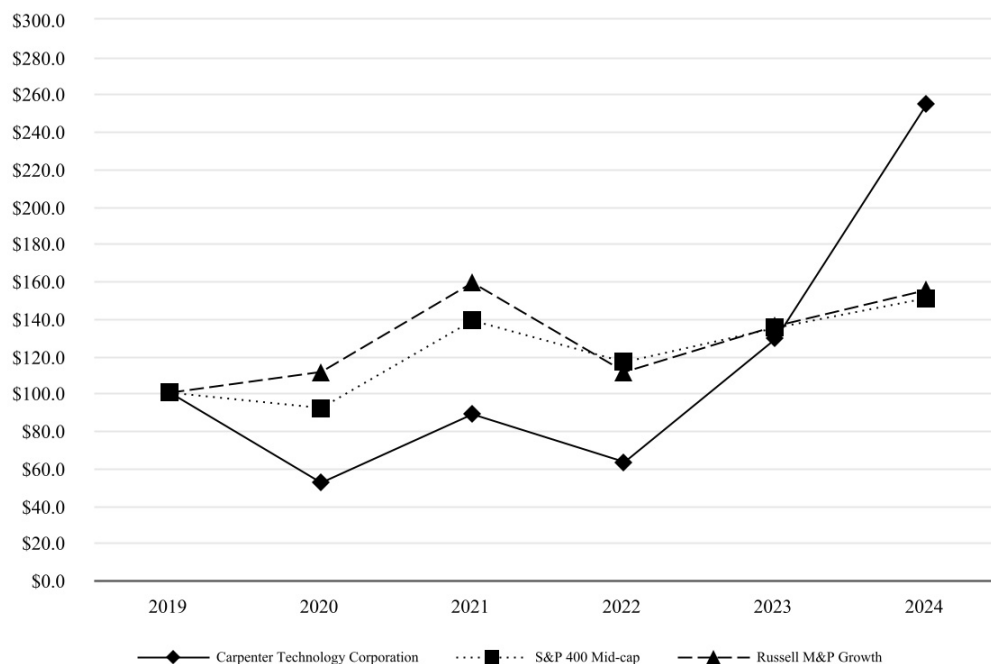
We recently announced that our Board of Directors approved a share repurchase program up to \$400.0 million of our outstanding common stock.

Information regarding Securities Authorized for Issuance under Equity Compensation Plans is set forth in Item 12 hereto "Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters."

### Cumulative Total Stockholder Return

The graph below compares the cumulative total stockholder return on our common stock to the cumulative total return of the S&P MidCap 400 Index, the most widely used index for mid-sized companies, and our Peer Group for fiscal year ended June 30, 2024, and prior four fiscal years. The cumulative total return assumes an investment of \$100.00 on June 30, 2019 and the reinvestment of any dividends during the period. Our Peer Group consists of the companies in the Russell RSCC Materials & Processing Growth Index. We believe the companies included in our Peer Group, taken as a whole, provide a more meaningful comparison in terms of product offerings, markets served, competition and other relevant factors. The total stockholder return for our Peer Group is weighted according to the respective issuer's stock market capitalization at the beginning of each period.

**COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN\***  
**Among Carpenter Technology Corporation, the S&P Midcap 400 Index,**  
**and the Russell Materials & Processing Growth Index**



\* \$100.00 invested on June 30, 2019 in stock or index, including reinvestment of dividends. Fiscal years ending June 30.  
 Data sourced from Nasdaq  
 Copyright © 2024 S&P Dow Jones Indices LLC, a division of S&P Global  
 Copyright © 2024 Russell Investments

	2019	2020	2021	2022	2023	2024
<b>Carpenter Technology Corporation</b>	\$ 100.00	\$ 51.80	\$ 88.50	\$ 63.00	\$ 129.00	\$ 255.10
<b>S&amp;P Midcap 400</b>	\$ 100.00	\$ 91.70	\$ 138.60	\$ 116.60	\$ 134.80	\$ 150.60
<b>Russell Materials &amp; Processing Growth</b>	\$ 100.00	\$ 111.10	\$ 158.90	\$ 111.20	\$ 135.80	\$ 155.10

### Issuer Purchases of Equity Securities

During the fourth quarter of fiscal year 2024, employees surrendered 7,571 shares to the Company, at an average purchase price of \$98.49, for the payment of the minimum tax liability withholding obligations upon the vesting of shares of restricted stock. We do not consider this a share buyback program.

**Item 6.**

Reserved.

**Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations**

***Background and General***

Our discussions below in this Item 7 should be read in conjunction with our consolidated financial statements, including the notes thereto, included in this Annual Report on Form 10-K.

We are a producer and distributor of premium specialty alloys, including titanium alloys, powder metals, stainless steels, alloy steels and tool steels. We are a recognized leader in high-performance specialty alloy-based materials and process solutions for critical applications in the aerospace, defense, medical, transportation, energy, industrial and consumer markets. We have evolved to become a pioneer in premium specialty alloys, including titanium, nickel, and cobalt, as well as alloys specifically engineered for additive manufacturing processes and soft magnetism applications. We primarily process basic raw materials such as nickel, cobalt, titanium, manganese, chromium, molybdenum, iron scrap and other metal alloying elements through various melting, hot forming and cold working facilities to produce finished products in the form of billet, bar, rod, wire and narrow strip in many sizes and finishes. We also produce certain metal powders and parts. Our sales are distributed directly from our production plants and distribution network as well as through independent distributors. Unlike many other specialty steel producers, we operate our own worldwide network of service and distribution centers. These service centers, located in the United States, Canada, Mexico, Europe and Asia allow us to work more closely with customers and to offer various just-in-time stocking programs.

As part of our overall business strategy, we have sought out and considered opportunities related to strategic acquisitions and joint collaborations as well as possible business unit dispositions aimed at broadening our offering to the marketplace. We have participated with other companies to explore potential terms and structures of such opportunities and expect that we will continue to evaluate these opportunities.

While we prepare our financial statements in accordance with U.S. generally accepted accounting principles ("U.S. GAAP"), we also utilize and present certain financial measures that are not based on or included in U.S. GAAP (we refer to these as "Non-GAAP financial measures"). Please see the section "Non-GAAP Financial Measures" below for further discussion of these financial measures, including the reasons why we use such financial measures and reconciliations of such financial measures to the nearest U.S. GAAP financial measures.

### Business Trends

Selected financial results for the past three fiscal years are summarized below:

(\$ in millions, except per share data)	Years Ended June 30,		
	2024	2023	2022
Net sales	\$ 2,759.7	\$ 2,550.3	\$ 1,836.3
Net sales excluding surcharge revenue (1)	\$ 2,167.7	\$ 1,848.0	\$ 1,400.0
Operating income (loss)	\$ 323.1	\$ 133.1	\$ (24.9)
Adjusted operating income (loss) (1)	\$ 354.1	\$ 133.1	\$ (34.0)
Net income (loss)	\$ 186.5	\$ 56.4	\$ (49.1)
Diluted earnings (loss) per share	\$ 3.70	\$ 1.14	\$ (1.01)
Adjusted diluted earnings (loss) per share (1)	\$ 4.74	\$ 1.14	\$ (1.06)
Purchases of property, plant, equipment and software	\$ 96.6	\$ 82.3	\$ 91.3
Adjusted free cash flow (1)	\$ 179.0	\$ (67.6)	\$ (83.1)
Pounds sold (in thousands) (2)	206,302	214,122	188,112

(1) See the section "Non-GAAP Financial Measures" below for further discussion of these financial measures.

(2) Pounds sold data includes Specialty Alloys Operations segment and Dynamet and Additive businesses from the Performance Engineered Products segment.

Our sales are across diverse end-use markets. The table below summarizes our sales by end-use market over the past three fiscal years:

(\$ in millions)	Years Ended June 30,					
	2024		2023		2022	
	Dollars	% of Total	Dollars	% of Total	Dollars	% of Total
Aerospace and Defense	\$ 1,538.8	56 %	\$ 1,290.7	51 %	\$ 790.2	43 %
Medical	375.6	14 %	301.6	12 %	212.3	12 %
Transportation	149.1	5 %	185.0	7 %	178.3	10 %
Energy	185.8	7 %	163.3	6 %	113.0	6 %
Industrial and Consumer	415.3	15 %	487.2	19 %	417.2	23 %
Distribution	95.1	3 %	122.5	5 %	125.3	6 %
Total net sales	\$ 2,759.7	100 %	\$ 2,550.3	100 %	\$ 1,836.3	100 %

### **Impact of Raw Material Prices and Product Mix**

We value most of our inventory utilizing the LIFO inventory costing methodology. Under the LIFO inventory costing method, changes in the cost of raw materials and production activities are recognized in cost of sales in the current period even though these materials may have been acquired at potentially significantly different values due to the length of time from the acquisition of the raw materials to the sale of the processed finished goods to the customers. In a period of rising raw material costs, the LIFO inventory valuation normally results in higher cost of sales. Conversely, in a period of decreasing raw material costs, the LIFO inventory valuation normally results in lower cost of sales.

The volatility of the costs of raw materials has impacted our operations over the past several years. We, and others in our industry, generally have been able to pass cost increases on major raw materials through to our customers using surcharges that are structured to recover increases in raw material costs. Generally, the formula used to calculate a surcharge is based on published prices of the respective raw materials for the previous month which correlates to the prices we pay for our raw material purchases. However, a portion of our surcharges to customers may be calculated using a different surcharge formula or may be based on the raw material prices at the time of order, which creates a lag between surcharge revenue and corresponding raw material costs recognized in cost of sales. The surcharge mechanism protects our net income on such sales except for the lag effect discussed above. However, surcharges have had a dilutive effect on our gross margin and operating margin percentages as described later in this report.

Approximately 45 percent of our net sales are sales to customers under firm price sales arrangements. Firm price sales arrangements involve a risk of profit margin fluctuations, particularly when raw material prices are volatile. In order to reduce the risk of fluctuating profit margins on these sales, we enter into commodity forward contracts to purchase certain critical raw materials necessary to produce the related products sold. Firm price sales arrangements generally include certain annual purchasing commitments and consumption schedules agreed to by the customers at selling prices based on raw material prices at the time the arrangements are established. If a customer fails to meet the volume commitments (or the consumption schedule deviates from the agreed-upon terms of the firm price sales arrangements), we may need to absorb the gains or losses associated with the commodity forward contracts on a temporary basis. Gains or losses associated with commodity forward contracts are reclassified to earnings (loss) when earnings are impacted by the hedged transaction. Because we value most of our inventory under the LIFO costing methodology, changes in the cost of raw materials and production activities are recognized in cost of sales in the current period attempting to match the most recently incurred costs with revenues. Gains and/or losses on the commodity forward contracts are reclassified from accumulated other comprehensive income (loss) ("AOCI") together with the actual purchase price of the underlying commodities when the underlying commodities are purchased and recorded in inventory. To the extent that the total purchase price of the commodities, inclusive of the gains or losses on the commodity forward contracts, are higher or lower relative to the beginning of year costs, our cost of goods sold reflects such amounts. Accordingly, the gains and/or losses associated with commodity forward contracts may not impact the same period that the firm price sales arrangements revenue is recognized, and comparisons of gross profit from period to period may be impacted. These firm price sales arrangements are expected to continue as we look to strengthen our long-term customer relationships by expanding, renewing and, in certain cases, extending to a longer term, our customer long-term arrangements.

We produce hundreds of grades of materials, with a wide range of pricing and profit levels depending on the grade. In addition, our product mix within a period is subject to the fluctuating order patterns of our customers as well as decisions we may make on participation in certain products based on available capacity including the impacts of capacity commitments we may have under existing customer agreements. While we expect to see positive contribution from a more favorable product mix in our margin performance over time, the impact by period may fluctuate, and period to period comparisons may vary.

### **Impact of Inflation and Supply Chain Disruption**

Recent inflationary pressures affecting the general economy have impacted our operating costs including increased costs for raw materials, energy, key operating supplies and labor.

Additionally, global supply chain disruptions have affected our operations, including the availability and cost of labor, as well as the supply of industrial goods. As a result, we are experiencing higher labor rates, extended lead times for certain supplies, as well as delay of certain capital expenditures due to the availability of equipment and outside contractors. These disruptions have resulted in increased direct costs and certain inefficiencies in our operations.

We have taken steps that we believe are necessary to mitigate inflationary pressures and supply chain disruptions. As discussed above, we have certain mechanisms in place to reduce the impact for the most significant of these items and have been able to recover these increases through our raw material surcharge and other pricing strategies. We have long-term relationships with major suppliers who provide availability of material at competitive prices along with arrangements with certain vendors to provide consigned materials at our manufacturing facilities available for our consumption as necessary. We also continue to execute on targeted initiatives to maximize productivity and achieve capacity gains.

While these inflation and supply chain factors could negatively impact our business in the near-term, we do not currently expect them to materially impact our business outlook or operational goals over the long-term.

### Net Pension Expense (Income)

Net pension expense (income), as we define it below, includes the net periodic benefit costs related to both our pension and other postretirement plans. The net periodic benefit costs are determined annually based on beginning of year balances and are recorded ratably throughout the fiscal year, unless a significant re-measurement event occurs.

During the fiscal year ended June 30, 2024, we executed a buy-out annuity transaction for our largest defined benefit plan. We determined that the annuity settlement and lump-sum payments exceeded the threshold of service cost and interest cost components and therefore settlement accounting was required. We recorded a noncash settlement charge of \$51.9 million in the year ended June 30, 2024, within other expense (income), net.

The following is a summary of the net pension expense (income) for the years ended June 30, 2024, 2023 and 2022:

(\$ in millions)	Years Ended June 30,		
	2024	2023	2022
Pension plans	\$ 78.0	\$ 20.6	\$ (4.2)
Other postretirement plans	(2.0)	(0.7)	(3.1)
Net pension expense (income)	\$ 76.0	\$ 19.9	\$ (7.3)

The service cost component of net pension expense (income) represents the estimated cost of future pension liabilities earned associated with active employees. The pension earnings, interest and deferrals is comprised of the expected return on plan assets, interest costs on the projected benefit obligations of the plans and amortization of actuarial gains and losses and prior service costs and benefits.

Net periodic expense (income) is recorded in accounts that are included in both the cost of sales and selling, general and administrative expenses based on the function of the associated employees and in other expense (income), net. The following is a summary of the classification of net pension expense (income) for the years ended June 30, 2024, 2023 and 2022:

(\$ in millions)	Years Ended June 30,		
	2024	2023	2022
Service cost included in Cost of sales	\$ 8.4	\$ 8.6	\$ 9.6
Service cost included in Selling, general and administrative expenses	1.3	1.3	1.4
Pension earnings, interest and deferrals included in Other expense (income), net	14.4	10.0	(18.3)
Settlement charge included in Other expense (income), net	51.9	—	—
Net pension expense (income)	\$ 76.0	\$ 19.9	\$ (7.3)

As of June 30, 2024 and 2023, amounts capitalized in gross inventory were \$1.6 million and \$2.8 million, respectively.

## Operating Performance Overview

Fiscal year 2024 was the most profitable year in Carpenter Technology's history, achieving \$354.1 million in adjusted operating income. Further, we generated adjusted free cash flow of \$179.0 million for the full fiscal year. We continue to drive earnings momentum through improved productivity, product mix optimization and pricing actions. Notably, the SAO segment generated \$408.5 million in operating income with an adjusted operating margin of 16.7 percent of net sales (21.8 percent of net sales excluding surcharge revenue).

With our operating momentum, we are pulling forward our previously communicated fiscal year 2027 goal of doubling our operating income versus fiscal year 2019. We expect to achieve \$460.0 million to \$500.0 million in operating income in fiscal year 2025. Having just realized over 60 percent of our goal in fiscal year 2024, we are accelerating a four-year goal into a two-year goal. We expect a strong start to fiscal year 2025, with first quarter operating income in the range of \$114.0 million to \$120.0 million. Further, we expect to generate \$250.0 million to \$300.0 million in adjusted free cash flow in fiscal year 2025.

With a strong balance sheet and meaningful adjusted free cash flow, we will continue to take a balanced approach to capital allocation: sustaining our current asset base to achieve our targets, investing in incremental growth initiatives, and returning cash to stockholders. We recently announced that our Board of Directors approved a share repurchase program up to \$400.0 million of our outstanding common stock. Carpenter Technology continues to exceed performance and outlook expectations. Having just completed a historic fourth quarter and fiscal year 2024, we believe we are well positioned to achieve our accelerated goals and believe our earnings growth journey will extend far beyond fiscal year 2025.

We are actively managing our preventive maintenance schedules to protect our unique assets, serve our customers and maximize shipments. Macro trends are increasing demand across our end-use markets for our broad portfolio of specialized solutions. We have leading capabilities and capacity with a difficult-to-replicate system of assets, and we continue to drive improved productivity to capture the demand.

## **Results of Operations — Fiscal Year 2024 Compared to Fiscal Year 2023**

For fiscal year 2024, we reported net income of \$186.5 million, or \$3.70 earnings per diluted share. This compares with net income of \$56.4 million, or \$1.14 earnings per diluted share, in fiscal year 2023. Excluding special items, as identified below, adjusted earnings per diluted share was \$4.74 in fiscal year 2024. There were no reported special items for fiscal year 2023. The results for fiscal year 2024 compared to fiscal year 2023 reflect ongoing improvement in product mix, higher realized prices, as well as expanded operating efficiencies.

Special items included in our fiscal year 2024 results include a noncash goodwill impairment charge of \$14.1 million related to the Latrobe Distribution reporting unit in the PEP segment. We recorded restructuring and asset impairment charges of \$16.9 million as a result of actions taken to streamline operations in the Carpenter Additive business. \$15.8 million of this amount represent noncash asset impairment charges. We also recorded a noncash pension settlement charge of \$51.9 million as a result of executing de-risking actions to annuitize certain pension plan obligations. During fiscal year 2024, we also reduced income tax expense by \$18.4 million related to a U.S. tax benefit that was generated as a result of the Carpenter Additive restructuring actions.

## **Net Sales**

Net sales for fiscal year 2024 were \$2,759.7 million, which represents an 8 percent increase from fiscal year 2023. Excluding surcharge revenue, sales were 17 percent higher than fiscal year 2023 on 4 percent lower volume. The results reflect double-digit sales growth across Aerospace and Defense, Medical and Energy end-use markets versus the prior year period driven by realized price increases and improved product mix.

Geographically, domestic net sales increased 4 percent from fiscal year 2023. Excluding surcharge revenue, domestic sales increased 15 percent driven by stronger demand in the end-use markets of Aerospace and Defense, Medical and Energy. Net sales outside the United States increased 14 percent from fiscal year 2023 to \$1,136.7 million for fiscal year 2024. Excluding surcharge revenue, sales outside the United States increased 21 percent, reflecting stronger demand in the end-use markets of Aerospace and Defense, Medical and Energy in the European and Asia Pacific regions compared to fiscal year 2023. A portion of our sales outside the United States are denominated in foreign currencies. The impact of fluctuations in foreign currency exchange rates resulted in a \$1.9 million increase in sales during fiscal year 2024 compared to fiscal year 2023. International sales as a percentage of our total net sales represented 41 percent and 39 percent for fiscal year 2024 and fiscal year 2023, respectively.

### Sales by End-Use Markets

We sell to customers across diversified end-use markets. We believe that net sales by end-use markets is helpful supplemental information in analyzing the performance of the business from period to period. The following table includes comparative information for our net sales, which includes surcharge revenue, by principal end-use markets:

(\$ in millions)	Fiscal Year		\$ Increase (Decrease)	% Increase (Decrease)
	2024	2023		
Aerospace and Defense	\$ 1,538.8	\$ 1,290.7	\$ 248.1	19 %
Medical	375.6	301.6	74.0	25 %
Transportation	149.1	185.0	(35.9)	(19)%
Energy	185.8	163.3	22.5	14 %
Industrial and Consumer	415.3	487.2	(71.9)	(15)%
Distribution	95.1	122.5	(27.4)	(22)%
Total net sales	\$ 2,759.7	\$ 2,550.3	\$ 209.4	8 %

The following table includes comparative information for our net sales by the same principal end-use markets, but excluding surcharge revenue:

(\$ in millions)	Fiscal Year		\$ Increase (Decrease)	% Increase (Decrease)
	2024	2023		
Aerospace and Defense	\$ 1,199.2	\$ 919.5	\$ 279.7	30 %
Medical	315.4	241.3	74.1	31 %
Transportation	108.9	121.8	(12.9)	(11)%
Energy	130.4	104.3	26.1	25 %
Industrial and Consumer	319.4	339.4	(20.0)	(6)%
Distribution	94.4	121.7	(27.3)	(22)%
Total net sales excluding surcharge revenue	\$ 2,167.7	\$ 1,848.0	\$ 319.7	17 %

Sales to the Aerospace and Defense end-use market increased 19 percent from fiscal year 2023 to \$1,538.8 million. Excluding surcharge revenue, sales increased 30 percent on 11 percent higher shipment volume. The fiscal year 2024 results reflect increases across nearly all Aerospace end-use sub-markets. This was driven by increased demand in the aerospace supply chain due to continued higher aircraft build rates to replace aging fleets and to meet increasing passenger travel demand and to realize fuel efficiency new aircrafts can achieve. The fiscal year 2023 results reflected increases across all Aerospace end-use sub-markets. This was driven by ramping activity levels across the aerospace supply chain due to higher aircraft build rates to replace aging fleets and to meet increasing passenger travel demand.

Sales to the Medical end-use market increased 25 percent to \$375.6 million from fiscal year 2023. Excluding surcharge revenue, sales increased 31 percent on 14 percent higher shipment volume. The fiscal year 2024 results reflect higher demand across all applications as the medical supply chain replenishes inventory levels to meet higher patient demand for elective medical procedures.

Transportation end-use market sales of \$149.1 million reflected a 19 percent decrease from fiscal year 2023. Excluding surcharge revenue, sales decreased 11 percent on 23 percent lower shipment volume. The results reflect lower demand across light, medium and heavy-duty vehicle applications offset partially by higher demand in specialty transportation applications compared to fiscal year 2023. The fiscal year 2024 results also reflect the negative impact of employee union strikes in North America which did not occur in fiscal year 2023.

Sales to the Energy end-use market of \$185.8 million reflected a 14 percent increase from fiscal year 2023. Excluding surcharge revenue, sales increased 25 percent on 12 percent higher shipment volume. The fiscal year 2024 results reflect increasing global oil consumption benefiting the oil and gas sub-market and higher demand for power generation materials compared to fiscal year 2023.

Industrial and Consumer end-use market sales of \$415.3 million decreased 15 percent from fiscal year 2023. Excluding surcharge revenue, sales decreased 6 percent on 26 percent lower shipment volume. The fiscal year 2024 results reflect lower demand in both Industrial and Consumer end-use markets partially offset by realized price increases compared to fiscal year 2023.

### Gross Profit

Gross profit in fiscal year 2024 increased to \$584.3 million, or 21.2 percent of net sales, from \$337.3 million, or 13.2 percent of net sales for fiscal year 2023. The fiscal year 2024 results reflect 8 percent increased sales with a stronger product mix driven by higher prices and improved operational efficiencies, partially offset by inflationary cost increases compared to fiscal year 2023. Excluding the impact of surcharge revenue, our adjusted gross margin in fiscal year 2024 was 27.0 percent. This compares to adjusted gross margin of 18.3 percent in fiscal year 2023.

Our surcharge mechanism is structured to recover increases in raw material costs, although in certain cases with a lag effect as discussed above. While the surcharge generally protects the absolute gross profit dollars, it does have a dilutive effect on gross margin as a percent of sales. The following represents a summary of the dilutive impact of the surcharge on gross margin. We present and discuss these financial measures because management believes removing the impact of these items provides a more consistent and meaningful basis for comparing results of operations from period to period. See the section "Non-GAAP Financial Measures" below for further discussion of these financial measures.

(\$ in millions)	Fiscal Year	
	2024	2023
Net sales	\$ 2,759.7	\$ 2,550.3
Less: surcharge revenue	592.0	702.3
Net sales excluding surcharge revenue	<u>\$ 2,167.7</u>	<u>\$ 1,848.0</u>
Gross profit	<u>\$ 584.3</u>	<u>\$ 337.3</u>
Gross margin	<u>21.2 %</u>	<u>13.2 %</u>
Gross margin excluding surcharge revenue	<u>27.0 %</u>	<u>18.3 %</u>

### Selling, General and Administrative Expenses

Selling, general and administrative expenses in fiscal year 2024 were \$230.2 million, or 8.3 percent of net sales (10.6 percent of net sales excluding surcharge revenue), compared to \$204.2 million, or 8.0 percent of net sales (11.0 percent of net sales excluding surcharge revenue), in fiscal year 2023. The higher selling, general and administrative expenses in fiscal year 2024 reflect higher variable compensation charges compared to fiscal year 2023.

### Restructuring and Asset Impairment Charges

During fiscal year 2024, restructuring and asset impairment charges were \$16.9 million, compared to no restructuring and asset impairment charges in fiscal year 2023. Restructuring activities were a result of actions taken to streamline operations in our Carpenter Additive business in the PEP segment during fiscal year 2024. This included \$15.8 million of noncash pre-tax impairment charges related to \$8.8 million of property, plant, equipment and software and \$7.0 million associated with a certain definite lived intangible asset.

## Goodwill Impairment Charge

During fiscal year 2024, we identified an impairment triggering event in the Latrobe Distribution reporting unit within the PEP segment related to a decline in customer ordering patterns. This combined with market headwinds due to general industrial macroeconomic conditions including rising interest rates has contributed to lower sales and profit margins compared to the established annual operation plan for fiscal year 2024. Despite our efforts to mitigate the market challenges, results did not improve for the Latrobe Distribution reporting unit during fiscal year 2024. In light of these market conditions at the time, the pace of growth in the future projections for the Latrobe Distribution reporting unit were lowered. We determined the goodwill associated with the Latrobe Distribution reporting unit was impaired and recorded an impairment charge of \$14.1 million during the third quarter of fiscal year 2024, which represented the entire balance of goodwill for this reporting unit. No goodwill impairment charges were recognized during fiscal year 2023.

## Operating Income

Our operating income in fiscal year 2024 was \$323.1 million, or 11.7 percent of net sales, as compared with \$133.1 million of operating income, or 5.2 percent of net sales, in fiscal year 2023. Excluding surcharge revenue and special items, adjusted operating income was \$354.1 million or adjusted operating margin of 16.3 percent for fiscal year 2024 and 7.2 percent for fiscal year 2023. Results for fiscal year 2024 reflect ongoing improvement in product mix, higher realized prices, as well as expanded operating efficiencies compared to fiscal year 2023. Our fiscal year 2023 operating results reflected higher sales in key end-use markets, increased productivity at our facilities, improved product mix and realized price increases.

Special items included in fiscal year 2024 operating income include a noncash goodwill impairment charge of \$14.1 million related to the Latrobe Distribution reporting unit in the PEP segment and restructuring and asset impairment charges of \$16.9 million as a result of actions taken to streamline operations in the Carpenter Additive business.

The following presents our operating income and operating margin, in each case excluding the impact of surcharge on net sales and special items. We present and discuss these financial measures because management believes removing the impact of these items provides a more consistent and meaningful basis for comparing results of operations from period to period. See the section "Non-GAAP Financial Measures" below for further discussion of these financial measures.

(\$ in millions)	Fiscal Year	
	2024	2023
Net sales	\$ 2,759.7	\$ 2,550.3
Less: surcharge revenue	592.0	702.3
Net sales excluding surcharge revenue	\$ 2,167.7	\$ 1,848.0
Operating income	\$ 323.1	\$ 133.1
Special items:		
Goodwill impairment charge	14.1	—
Restructuring and asset impairment charges	16.9	—
Adjusted operating income excluding special items	\$ 354.1	\$ 133.1
Operating margin	11.7 %	5.2 %
Adjusted operating margin excluding surcharge revenue and special items	16.3 %	7.2 %

## Interest Expense, Net

Fiscal year 2024 interest expense, net was \$51.0 million compared to \$54.1 million in fiscal year 2023. Capitalized interest reduced interest expense by \$1.6 million for fiscal year 2024 and by \$1.5 million in fiscal year 2023. The lower interest expense, net in fiscal year 2024 is largely due to less short-term borrowings under our Credit Facility compared to fiscal year 2023.

## Other Expense, Net

Other expense, net for fiscal year 2024 was \$60.5 million compared with other expense, net of \$6.5 million in fiscal year 2023. Fiscal year 2024 reflects \$14.4 million of expense from pension earnings, interest and deferrals compared to \$10.0 million of expense from pension earnings, interest and deferrals in fiscal year 2023, driven by lower than expected returns on plan assets. The results for fiscal year 2024 also include a noncash pension settlement charge of \$51.9 million.

## Income Taxes

Our effective tax rate (income tax expense (benefit) as a percent of income (loss) before taxes) for fiscal year 2024 was 11.9 percent as compared to 22.2 percent for fiscal year 2023. The fiscal year 2024 tax expense includes \$18.4 million for U.S. tax benefits related to the closure of Carpenter Additive operations in the United Kingdom, \$12.4 million associated with the pension settlement charge and \$6.8 million attributable to employee share-based compensation. Tax expense also reflects the unfavorable impacts of the \$14.1 million non-deductible goodwill impairment charge, \$16.9 million non-deductible restructuring charges and losses in certain foreign jurisdictions for which no tax benefit can be recognized. Excluding the tax impact of the pension settlement charge, non-deductible goodwill impairment charge, restructuring charges and tax benefits related to the closure of the Carpenter Additive operations in the United Kingdom, the rate for fiscal year 2024 would have been 19.0 percent.

The fiscal year 2023 tax expense included the unfavorable impacts of losses in certain foreign jurisdictions for which no tax benefit can be recognized as well as tax charges of \$0.3 million for the impact of a state tax legislative change and \$0.4 million resulting from changes in our prior year tax positions. Also included were tax benefits of \$1.0 million for anticipated interest on IRS income tax refund claims and \$0.9 million for decreases in state valuation allowances for deferred tax assets resulting from changes in our ability to utilize certain state net operating loss carryforwards.

On October 8, 2021, the Organization for Economic Co-operation and Development ("OECD") released a statement on the OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting, which agreed to a two-pillar solution to address tax challenges of the digital economy. On December 20, 2021, the OECD released Pillar Two model rules defining a 15 percent global minimum tax rate for large multinational corporations. The OECD continues to release additional guidance and countries are implementing legislation with widespread adoption of the Pillar Two Framework expected by calendar year 2024. We are continuing to evaluate the Pillar Two Framework and its potential impact on future periods.

We assert that substantially all undistributed earnings from foreign subsidiaries are not considered permanently reinvested. The potential tax implications from the distribution of these earnings are expected to be limited to withholding taxes in certain foreign jurisdictions and are not expected to materially impact the consolidated financial statements.

See Note 17 to the consolidated financial statements in Item 8. "Financial Statements and Supplementary Data" for a full reconciliation of the statutory federal tax rate to the effective tax rates.

## Business Segment Results

Summary information about our operating results on a segment basis is set forth below. For more detailed segment information, see Note 19 to the consolidated financial statements included in Item 8. "Financial Statements and Supplementary Data."

The following table includes comparative information for our volumes by business segment:

Pounds sold (in thousands)	Fiscal Year		Decrease	% Decrease
	2024	2023		
Specialty Alloys Operations	208,154	212,050	(3,896)	(2)%
Performance Engineered Products *	10,094	11,864	(1,770)	(15)%
Intersegment	(11,946)	(9,792)	(2,154)	(22)%
Total pounds sold	206,302	214,122	(7,820)	(4)%

\* Pounds sold data for PEP segment includes Dynamet and Additive businesses only.

The following table includes comparative information for our net sales by business segment:

Net sales (\$ in millions)	Fiscal Year		\$ Increase (Decrease)	% Increase (Decrease)
	2024	2023		
Specialty Alloys Operations	\$ 2,443.8	\$ 2,213.6	\$ 230.2	10 %
Performance Engineered Products	411.0	433.7	(22.7)	(5)%
Intersegment	(95.1)	(97.0)	1.9	2 %
Total net sales	\$ 2,759.7	\$ 2,550.3	\$ 209.4	8 %

The following table includes comparative information for our net sales by business segment, but excluding surcharge revenue:

Net sales excluding surcharge revenue (\$ in millions)	Fiscal Year		\$ Increase (Decrease)	% Increase (Decrease)
	2024	2023		
Specialty Alloys Operations	\$ 1,876.0	\$ 1,540.6	\$ 335.4	22 %
Performance Engineered Products	377.8	397.1	(19.3)	(5)%
Intersegment	(86.1)	(89.7)	3.6	4 %
Total net sales excluding surcharge revenue	\$ 2,167.7	\$ 1,848.0	\$ 319.7	17 %

### *Specialty Alloys Operations Segment*

Net sales in fiscal year 2024 for the SAO segment increased 10 percent to \$2,443.8 million, as compared with \$2,213.6 million in fiscal year 2023. Excluding surcharge revenue, net sales increased 22 percent on 2 percent lower shipment volume as compared to fiscal year 2023. The higher sales excluding surcharge revenue in the SAO segment reflect double-digit percentage growth in the end-use markets of Aerospace and Defense, Medical and Energy driven by productivity gains, stronger product mix and pricing actions compared to fiscal year 2023.

Operating income for the SAO segment in fiscal year 2024 was \$408.5 million, or 16.7 percent of net sales (21.8 percent of net sales excluding surcharge revenue), compared to operating income of \$179.1 million, or 8.1 percent of net sales (11.6 percent of net sales excluding surcharge revenue), for fiscal year 2023. Fiscal year 2024 reflects stronger product mix and improved operational efficiencies, partially offset by inflationary cost increases compared to fiscal year 2023.

### *Performance Engineered Products Segment*

Net sales for fiscal year 2024 for the PEP segment were \$411.0 million as compared with \$433.7 million for fiscal year 2023. Excluding surcharge revenue, net sales decreased 5 percent from fiscal year 2023 on 15 percent lower shipment volume. The results reflect higher sales in Aerospace and Defense and Medical end-use markets, in particular Medical end-use market sales excluding surcharge increased 17 percent compared to fiscal year 2023.

Operating income for the PEP segment for fiscal year 2024 was \$36.0 million, or 8.8 percent of net sales (9.5 percent of net sales excluding surcharge revenue), as compared with operating income of \$31.8 million, or 7.3 percent of net sales (8.0 percent of net sales excluding surcharge revenue) for fiscal year 2023. Fiscal year 2024 results reflect stronger product mix and improved operational efficiencies, partially offset by inflationary cost increases compared to fiscal year 2023.

### **Results of Operations — Fiscal Year 2023 Compared to Fiscal Year 2022**

For fiscal year 2023, we reported net income of \$56.4 million, or \$1.14 earnings per diluted share. This compares with net loss of \$49.1 million, or \$1.01 loss per diluted share in fiscal year 2022. There were no reported special items for fiscal year 2023. Excluding special items for fiscal year 2022, loss per share would have been \$1.06. The results for fiscal year 2023 compared to fiscal year 2022 were driven by growing demand across all our end-use markets, increased productivity at our facilities, improved product mix and realized price increases.

Special items included in our fiscal year 2022 results included negative impacts from COVID-19 charges of \$5.9 million, a historical environmental site charge of \$2.4 million and debt extinguishment losses, net of \$6.0 million. These charges were offset by benefits related to COVID-19 employee retention credits of \$12.7 million and an acquisition-related contingent liability release of \$4.7 million.

## Net Sales

Net sales for fiscal year 2023 were \$2,550.3 million, which represents a 39 percent increase from fiscal year 2022. Excluding surcharge revenue, sales were 32 percent higher than fiscal year 2022 on 14 percent higher volume. The results reflect double-digit sales growth across Aerospace and Defense, Medical, Energy and Industrial and Consumer end-use markets versus the prior year period.

Geographically, sales outside the United States increased 51 percent from fiscal year 2022 to \$994.1 million. The increase was due to higher product demand in all regions and in all end-use markets except Distribution. In particular, Aerospace and Defense outside the United States increased 89 percent. A portion of our sales outside the United States are denominated in foreign currencies. The impact of fluctuations in foreign currency exchange rates resulted in a \$5.8 million decrease in sales during fiscal year 2023 compared to fiscal year 2022. International sales as a percentage of our total net sales represented 39 percent and 36 percent for fiscal year 2023 and fiscal year 2022, respectively.

### *Sales by End-Use Markets*

We sell to customers across diversified end-use markets. We believe this is helpful supplemental information in analyzing performance of the business from period to period. The following table includes comparative information for our net sales, which includes surcharge revenue, by principal end-use markets:

(\$ in millions)	Fiscal Year		\$ Increase (Decrease)	% Increase (Decrease)
	2023	2022		
Aerospace and Defense	\$ 1,290.7	\$ 790.2	\$ 500.5	63 %
Medical	301.6	212.3	89.3	42 %
Transportation	185.0	178.3	6.7	4 %
Energy	163.3	113.0	50.3	45 %
Industrial and Consumer	487.2	417.2	70.0	17 %
Distribution	122.5	125.3	(2.8)	(2)%
Total net sales	\$ 2,550.3	\$ 1,836.3	\$ 714.0	39 %

The following table includes comparative information for our net sales by the same principal end-use markets, but excluding surcharge revenue:

(\$ in millions)	Fiscal Year		\$ Increase (Decrease)	% Increase (Decrease)
	2023	2022		
Aerospace and Defense	\$ 919.5	\$ 599.6	\$ 319.9	53 %
Medical	241.3	177.2	64.1	36 %
Transportation	121.8	125.2	(3.4)	(3)%
Energy	104.3	76.3	28.0	37 %
Industrial and Consumer	339.4	297.2	42.2	14 %
Distribution	121.7	124.5	(2.8)	(2)%
Total net sales excluding surcharge revenue	\$ 1,848.0	\$ 1,400.0	\$ 448.0	32 %

Sales to the Aerospace and Defense end-use market increased 63 percent from fiscal year 2022 to \$1,290.7 million. Excluding surcharge revenue, sales increased 53 percent on 34 percent higher shipment volume. The fiscal year 2023 results reflect increases across all Aerospace end-use sub-markets. This was driven by ramping activity levels across the aerospace supply chain due to higher aircraft build rates to replace aging fleets and meet increasing passenger travel demand. The fiscal year 2022 results reflected short-term operational challenges associated with the Reading press outage and labor shortages.

Sales to the Medical end-use market increased 42 percent to \$301.6 million from fiscal year 2022. Excluding surcharge revenue, sales increased 36 percent on 30 percent higher shipment volume. The fiscal year 2023 results reflect higher demand across all applications as the medical supply chain replenishes inventory levels to meet higher patient demand for elective medical procedures.

Transportation end-use market sales of \$185.0 million reflected a 4 percent increase from fiscal year 2022. Excluding surcharge revenue, sales decreased 3 percent on 20 percent lower shipment volume. The fiscal year 2023 results reflect an improved mix from recent price increases, particularly in light-duty vehicle applications, offset by reduced medium and heavy-duty build rates compared to fiscal year 2022.

Sales to the Energy end-use market of \$163.3 million reflected a 45 percent increase from fiscal year 2022. Excluding surcharge revenue, sales increased 37 percent on 35 percent higher shipment volume. The fiscal year 2023 results reflect increasing global rig counts and higher oil prices benefiting the oil and gas sub-market along with slightly higher demand for power generation materials compared to fiscal year 2022.

Industrial and Consumer end-use market sales of \$487.2 million increased 17 percent from fiscal year 2022. Excluding surcharge revenue, sales increased 14 percent on 1 percent lower shipment volume. The fiscal year 2023 results reflect stronger product mix, higher demand for semiconductor materials and increased sales in the electronic sub-market.

## Gross Profit

Gross profit in fiscal year 2023 increased to \$337.3 million, or 13.2 percent of net sales, from \$149.8 million, or 8.2 percent of net sales for fiscal year 2022. The fiscal year 2023 results reflect the impact of higher volumes across key end-use markets with 39 percent increased net sales, a stronger product mix, higher prices and improved operational efficiencies, partially offset by inflationary cost increases compared to fiscal year 2022. Excluding the impact of surcharge revenue, our adjusted gross margin in fiscal year 2023 was 18.3 percent. This compares to adjusted gross margin of 9.9 percent in fiscal year 2022 after excluding the impact of surcharge revenue and COVID-19 employee retention credits of \$11.9 million.

Our surcharge mechanism is structured to recover increases in raw material costs, although in certain cases with a lag effect as discussed above. While the surcharge generally protects the absolute gross profit dollars, it does have a dilutive effect on gross margin as a percent of sales. The following represents a summary of the dilutive impact of the surcharge on gross margin excluding the impact of the special items. We present and discuss these financial measures because management believes removing the impact of these items provides a more consistent and meaningful basis for comparing results of operations from period to period. See the section "Non-GAAP Financial Measures" below for further discussion of these financial measures.

(\$ in millions)	Fiscal Year	
	2023	2022
Net sales	\$ 2,550.3	\$ 1,836.3
Less: surcharge revenue	702.3	436.3
Net sales excluding surcharge revenue	\$ 1,848.0	\$ 1,400.0
Gross profit:	\$ 337.3	\$ 149.8
COVID-19 employee retention credits	—	(11.9)
Gross profit excluding special item	\$ 337.3	\$ 137.9
Gross margin	13.2 %	8.2 %
Gross margin excluding surcharge revenue and special item	18.3 %	9.9 %

## Selling, General and Administrative Expenses

Selling, general and administrative expenses in fiscal year 2023 were \$204.2 million, or 8.0 percent of net sales (11.0 percent of net sales excluding surcharge revenue), compared to \$174.7 million, or 9.5 percent of net sales (12.5 percent of net sales excluding surcharge revenue), in fiscal year 2022. The higher selling, general and administrative expenses in fiscal year 2023 reflect higher variable compensation charges compared to fiscal year 2022. Fiscal year 2022 included a noncash benefit of \$4.7 million from the reversal of a contingent liability associated with a historical acquisition for which the time period expired. Partially offsetting this benefit in fiscal year 2022 was an environmental charge of \$2.4 million which represents a historical environmental site liability.

## Operating Income (Loss)

Our operating income in fiscal year 2023 was \$133.1 million, or 5.2 percent of net sales, as compared with \$24.9 million of operating loss, or negative 1.4 percent of net sales in fiscal year 2022. Excluding surcharge revenue and special items, adjusted operating margin was 7.2 percent for fiscal year 2023 and negative 2.4 percent for fiscal year 2022. Results for fiscal year 2023 reflect higher sales in key end-use markets compared to fiscal year 2022, increased productivity at our facilities, improved product mix and realized price increases. Our fiscal year 2022 operating results were negatively impacted by COVID-19 charges of \$5.9 million and a historical environmental site charge of \$2.4 million, offset by COVID-19 employee retention credits of \$12.7 million and an acquisition-related contingent liability release of \$4.7 million.

The following presents our operating income (loss) and operating margin, in each case excluding the impact of surcharge on net sales and special items. We present and discuss these financial measures because management believes removing the impact of these items provides a more consistent and meaningful basis for comparing results of operations from period to period. See the section "Non-GAAP Financial Measures" below for further discussion of these financial measures.

(\$ in millions)	Fiscal Year	
	2023	2022
Net sales	\$ 2,550.3	\$ 1,836.3
Less: surcharge revenue	702.3	436.3
Net sales excluding surcharge revenue	\$ 1,848.0	\$ 1,400.0
Operating income (loss)	\$ 133.1	\$ (24.9)
Special items:		
COVID-19 costs	—	5.9
COVID-19 employee retention credits	—	(12.7)
Acquisition-related contingent liability release	—	(4.7)
Environmental site charge	—	2.4
Adjusted operating income (loss) excluding special items	\$ 133.1	\$ (34.0)
Operating margin	5.2 %	(1.4)%
Adjusted operating margin excluding surcharge revenue and special items	7.2 %	(2.4)%

## Interest Expense, Net and Debt Extinguishment Losses, Net

Fiscal year 2023 interest expense, net was \$54.1 million compared to \$44.9 million in fiscal year 2022. Capitalized interest reduced interest expense by \$1.5 million for fiscal year 2023 and by \$0.8 million in fiscal year 2022. Debt extinguishment losses, net in fiscal year 2023 were \$0.0 million. Debt extinguishment losses, net in fiscal year 2022 were \$6.0 million due to debt prepayment costs made in connection with the notes due in March 2023. The higher interest expense in fiscal year 2023 is largely due to higher interest rates on debt that was refinanced and short-term borrowings under our Credit Facility.

## Other Expense (Income), Net

Other expense, net for fiscal year 2023 was \$6.5 million compared with other income, net of \$12.7 million in fiscal year 2022. The fiscal year 2023 reflects expense from pension earnings, interest and deferrals compared to income from pension earnings, interest and deferrals from favorable returns on plan assets in fiscal year 2022.

## Income Taxes

Our effective tax rate (income tax expense (benefit) as a percent of income (loss) before taxes) for fiscal year 2023 was 22.2 percent which was the same as 22.2 percent for fiscal year 2022. The fiscal year 2023 tax expense includes the unfavorable impacts of losses in certain foreign jurisdictions for which no tax benefit can be recognized as well as tax charges of \$0.3 million for the impact of a state tax legislative change and \$0.4 million resulting from changes in our prior year tax positions. Also included are tax benefits of \$1.0 million for anticipated interest on Internal Revenue Service ("IRS") income tax refund claims and \$0.9 million for decreases in state valuation allowances for deferred tax assets resulting from changes in our ability to utilize certain state net operating loss carryforwards. The fiscal year 2022 tax benefit included the unfavorable impacts of losses in certain foreign jurisdictions for which no tax benefit can be recognized.

## Business Segment Results

Summary information about our operating results on a segment basis is set forth below. For more detailed segment information, see Note 19 to the consolidated financial statements included in Item 8. "Financial Statements and Supplementary Data."

The following table includes comparative information for our volumes by business segment:

Pounds sold (in thousands)	Fiscal Year		Increase	% Increase
	2023	2022		
Specialty Alloys Operations	212,050	187,754	24,296	13 %
Performance Engineered Products *	11,864	10,662	1,202	11 %
Intersegment	(9,792)	(10,304)	512	5 %
Total pounds sold	214,122	188,112	26,010	14 %

\* Pounds sold data for PEP segment includes Dynamet and Additive businesses only.

The following table includes comparative information for our net sales by business segment:

Net sales (\$ in millions)	Fiscal Year		\$ Increase (Decrease)	% Increase (Decrease)
	2023	2022		
Specialty Alloys Operations	\$ 2,213.6	\$ 1,565.6	\$ 648.0	41 %
Performance Engineered Products	433.7	344.5	89.2	26 %
Intersegment	(97.0)	(73.8)	(23.2)	(31)%
Total net sales	\$ 2,550.3	\$ 1,836.3	\$ 714.0	39 %

The following table includes comparative information for our net sales by business segment, but excluding surcharge revenue:

Net sales excluding surcharge revenue (\$ in millions)	Fiscal Year		\$ Increase (Decrease)	% Increase (Decrease)
	2023	2022		
Specialty Alloys Operations	\$ 1,540.6	\$ 1,137.1	\$ 403.5	35 %
Performance Engineered Products	397.1	336.7	60.4	18 %
Intersegment	(89.7)	(73.8)	(15.9)	(22)%
Total net sales excluding surcharge revenue	\$ 1,848.0	\$ 1,400.0	\$ 448.0	32 %

### *Specialty Alloys Operations Segment*

Net sales in fiscal year 2023 for the SAO segment increased 41 percent to \$2,213.6 million, as compared with \$1,565.6 million in fiscal year 2022. Excluding surcharge revenue, net sales increased 35 percent from fiscal year 2022 on 13 percent higher shipment volume. The SAO segment results reflect higher sales in all end-use markets except Transportation compared to fiscal year 2022. In particular, Aerospace and Defense sales excluding surcharge increased 54 percent as compared to fiscal year 2022.

Operating income for the SAO segment in fiscal year 2023 was \$179.1 million, or 8.1 percent of net sales (11.6 percent of net sales excluding surcharge revenue), compared to operating income of \$9.6 million, or 0.6 percent of net sales (0.8 percent of net sales excluding surcharge revenue), for fiscal year 2022. Fiscal year 2023 reflects increased productivity, improved product mix and realized price increases. Fiscal year 2022 included a benefit of \$10.6 million related to COVID-19 employee retention credits offset by COVID-19 related costs of \$5.2 million.

### *Performance Engineered Products Segment*

Net sales for fiscal year 2023 for the PEP segment were \$433.7 million as compared with \$344.5 million for fiscal year 2022. Excluding surcharge revenue, net sales increased 18 percent from a year ago on 11 percent higher shipment volume. The fiscal year 2023 net sales reflect 11 percent higher shipment volume as compared to fiscal year 2022. The results reflect higher sales in all end-use markets except Distribution. In particular, Medical end-use market sales excluding surcharge increased 32 percent.

Operating income for the PEP segment for fiscal year 2023 was \$31.8 million, or 7.3 percent of net sales (8.0 percent of net sales excluding surcharge revenue), as compared with operating income of \$18.1 million, or 5.3 percent of net sales for fiscal year 2022. Fiscal year 2023 results reflect stronger demand conditions compared to fiscal year 2022. Fiscal year 2022 included a benefit of \$2.1 million related to COVID-19 employee retention credits offset by COVID-19 related costs of \$0.7 million.

### **Liquidity and Financial Resources**

During fiscal year 2024, we generated cash from operating activities of \$274.9 million as compared with \$14.7 million in fiscal year 2023. Our adjusted free cash flow, which we define under "Non-GAAP Financial Measures" below, was positive \$179.0 million as compared to negative \$67.6 million for fiscal year 2023. The change in operating cash flow and adjusted free cash flow in fiscal year 2024 primarily reflects the impact of higher earnings after noncash adjustments to net income and lower cash used for inventory compared to a year ago. The current year reflects cash used to build inventory of \$96.7 million compared to \$140.3 million in fiscal year 2023. The adjusted free cash flow results also reflect lower capital spending levels in the current period as compared to the prior year period.

Capital expenditures for property, plant, equipment and software were \$96.6 million for fiscal year 2024 as compared to \$82.3 million for fiscal year 2023. In fiscal year 2025, we expect capital expenditures to be approximately \$125 million.

We evaluate liquidity needs for alternative uses including funding external growth opportunities, share repurchases as well as funding consistent dividend payments to stockholders. Dividends for fiscal year 2024 were \$40.0 million, as compared to \$39.4 million in the prior year period. In fiscal years 2024, 2023 and 2022 we declared and paid quarterly cash dividends of \$0.20 per share. Additionally, we will discretionarily use excess cash for a recently approved share repurchase program up to \$400.0 million of our outstanding common stock. The primary use of this program will be to offset dilution.

During fiscal year 2024, we made \$11.3 million of pension contributions to our qualified defined benefit pension plans. Over the next five years, current estimates indicate that we will be required to make approximately \$128.7 million of cash contributions to our domestic qualified defined benefit pension plans, based on the laws in effect for pension funding as of June 30, 2024, and subject to market returns and interest rate assumptions.

We have demonstrated the ability to generate cash to meet our needs through cash flows from operations, management of working capital and the ability to access capital markets to supplement internally generated funds. We target minimum liquidity of \$150.0 million, consisting of cash and cash equivalents added to available borrowing capacity under our Credit Facility.

On April 14, 2023, we entered into a Second Amended and Restated Credit Agreement with Bank of America, N.A., as administrative agent, swing line lender and letter of credit issuer and the other lenders, agents and arrangers party thereto (the "Credit Facility"). The Credit Facility amended and restated our then existing Amended and Restated Credit Agreement dated as of March 26, 2021 which had been set to expire on March 31, 2024. The Credit Facility extends the maturity to April 12, 2028.

The Credit Facility is a secured revolving credit facility with a commitment of \$350.0 million subject to our right, from time to time, to request an increase of the commitment by the greater of (i) \$300.0 million or (ii) an amount equal to our consolidated EBITDA; and provides for the issuance of letters of credit subject to a \$40.0 million sub-limit. We have the right to voluntarily prepay and re-borrow loans, to terminate or reduce the commitments under the Credit Facility, and, subject to certain lender approvals, to join subsidiaries as subsidiary borrowers.

As of June 30, 2024, the borrowing rate for the Credit Facility was 7.09%, however we had no short-term borrowings. As of June 30, 2024, we had \$1.2 million of issued letters of credit under the Credit Facility and the balance of the Credit Facility, \$348.8 million, remains available to us. From time to time during the fiscal year ended June 30, 2024, we borrowed under our Credit Facility. The weighted average daily borrowing under the Credit Facility during the fiscal year ended June 30, 2024 was approximately \$19.1 million with daily outstanding borrowings ranging from \$0.0 million to \$67.8 million.

We believe that our total liquidity of \$547.9 million, as of June 30, 2024, which includes cash and cash equivalents of \$199.1 million and available borrowing capacity of \$348.8 million under the Credit Facility, will be sufficient to fund our cash needs over the foreseeable future.

As of June 30, 2024, we had cash and cash equivalents of \$22.0 million held at various foreign subsidiaries. Our global cash deployment considers, among other things, the geographic and institutional location of our subsidiaries' cash balances, the locations of our anticipated liquidity needs and the cost to access international cash balances, as necessary. During the fiscal year ended June 30, 2024, we repatriated cash of \$4.3 million from foreign jurisdictions. From time to time, we may make short-term intercompany borrowings against our cash held outside the United States in order to reduce or eliminate any required borrowing under our Credit Facility.

We are subject to certain financial and restrictive covenants under the Credit Facility which requires the maintenance of a minimum interest coverage ratio of 3.00 to 1.00 and a consolidated net leverage ratio of no more than 4.00 to 1.00. The restrictions of these covenants (other than the financial ratio covenants) are subject to certain exceptions or threshold triggering amounts or events specified in the Credit Facility, and in some cases the restrictions may be waived by the lenders. As of June 30, 2024, we were in compliance with all of the covenants of the Credit Facility.

The following table shows our actual ratio performance with respect to the financial covenants, as of June 30, 2024:

Covenant	Covenant Requirement	Actual Ratio
Consolidated interest coverage ratio	3.00 to 1.00 (minimum)	10.14 to 1.00
Consolidated net leverage ratio	4.00 to 1.00 (maximum)	0.96 to 1.00

To the extent that we do not comply with the current or modified covenants under the Credit Facility, this could reduce our liquidity and flexibility due to potential restrictions on borrowings available to us unless we are able to obtain waivers or modifications of the covenants.

## Non-GAAP Financial Measures

The following provides additional information regarding certain non-GAAP financial measures that we use in this report. Our definitions and calculations of these items may not necessarily be the same as those used by other companies.

### *Net Sales and Gross Margin Excluding Surcharge Revenue*

This report includes discussions of net sales as adjusted to exclude the impact of raw material surcharge and the resulting impact on gross margins, which represent financial measures that have not been determined in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). We present and discuss these financial measures because management believes removing the impact of raw material surcharge from net sales provides a more consistent basis for comparing results of operations from period to period for the reasons discussed earlier in this report. Management uses its results excluding these amounts to evaluate its operating performance and to discuss its business with investment institutions, our Board of Directors and others. See our earlier discussion of "Gross Profit" for a reconciliation of net sales and gross margin, excluding surcharge revenue, to net sales as determined in accordance with U.S. GAAP. Net sales and gross margin excluding surcharge revenue is not a U.S. GAAP financial measure and should not be considered in isolation of, or as a substitute for, net sales and gross margin calculated in accordance with U.S. GAAP.

### *Adjusted Operating Income (Loss) and Adjusted Operating Margin Excluding Surcharge Revenue and Special Items*

This report includes discussions of operating income (loss) and operating margin as adjusted to exclude the impact of raw material surcharge revenue and special items which represent financial measures that have not been determined in accordance with U.S. GAAP. We present and discuss these financial measures because management believes removing the impact of raw material surcharge from net sales provides a more consistent and meaningful basis for comparing results of operations from period to period for the reasons discussed earlier in this report. In addition, management believes that excluding special items from operating margin is helpful in analyzing our operating performance, as these items are not indicative of ongoing operating performance. Management uses its results excluding these amounts to evaluate its operating performance and to discuss its business with investment institutions, our Board of Directors and others. See our earlier discussion of operating income (loss) for a reconciliation of adjusted operating income (loss) and adjusted operating margin excluding special items to operating income (loss) and operating margin determined in accordance with U.S. GAAP. Adjusted operating income (loss) and adjusted operating margin excluding surcharge revenue and special items are not U.S. GAAP financial measures and should not be considered in isolation of, or as a substitute for, operating income (loss) and operating margin calculated in accordance with U.S. GAAP.

### *Adjusted Earnings Per Share*

The following provides a reconciliation of adjusted earnings per share, to its most directly comparable U.S. GAAP financial measure:

(\$ in millions, except per share data)	Earnings Before Income Taxes	Income Tax Expense	Net Income	Earnings Per Diluted Share*
Year ended June 30, 2024, as reported	\$ 211.6	\$ (25.1)	\$ 186.5	\$ 3.70
Special items:				
Goodwill impairment charge	14.1	—	14.1	0.28
Restructuring and asset impairment charges	16.9	(0.1)	16.8	0.33
Pension settlement charge	51.9	(12.4)	39.5	0.79
U.S. Tax benefit related to restructuring activities	—	(18.4)	(18.4)	(0.36)
Year ended June 30, 2024, as adjusted	\$ 294.5	\$ (56.0)	\$ 238.5	\$ 4.74

\* Impact per diluted share calculated using weighted average common shares outstanding of 50.3 million for the fiscal year ended June 30, 2024.

(\$ in millions, except per share data)	Earnings Before Income Taxes	Income Tax Expense	Net Income	Earnings Per Diluted Share*
Year ended June 30, 2023, as reported	\$ 72.5	\$ (16.1)	\$ 56.4	\$ 1.14
Special item:				
None reported	—	—	—	—
Year ended June 30, 2023, as adjusted	<u>\$ 72.5</u>	<u>\$ (16.1)</u>	<u>\$ 56.4</u>	<u>\$ 1.14</u>

\* Impact per diluted share calculated using weighted average common shares outstanding of 49.2 million for the fiscal year ended June 30, 2023.

Management believes that the presentation of earnings per share adjusted to exclude the impact of special items is helpful in analyzing the operating performance of the Company, as these items are not indicative of ongoing operating performance. Management uses its results excluding these amounts to evaluate its operating performance and to discuss its business with investment institutions, the Company's Board of Directors and others. Our definitions and calculations of these items may not necessarily be the same as those used by other companies. Adjusted earnings per share is not a U.S. GAAP financial measure and should not be considered in isolation of, or as a substitute for, earnings per share calculated in accordance with U.S. GAAP.

### *Adjusted Free Cash Flow*

This report includes discussions of adjusted free cash flow which is a non-GAAP financial measure and may not be comparable to adjusted free cash flow reported by other companies. The following provides a reconciliation of adjusted free cash flow, as used in this Annual Report, to its most directly comparable U.S. GAAP financial measure:

(\$ in millions)	Fiscal Year		
	2024	2023	2022
Net cash provided from operating activities	\$ 274.9	\$ 14.7	\$ 6.0
Purchases of property, plant, equipment and software	(96.6)	(82.3)	(91.3)
Proceeds from disposals of property, plant and equipment and assets held for sale	0.7	—	2.2
Adjusted free cash flow	<u>\$ 179.0</u>	<u>\$ (67.6)</u>	<u>\$ (83.1)</u>

Management believes that the presentation of adjusted free cash flow provides useful information to investors regarding our financial condition because it is a measure of cash generated which management evaluates for alternative uses. It is management's current intention to use excess cash to fund investments in capital equipment, acquisition opportunities and consistent dividend payments. Additionally, we will discretionarily use excess cash for a recently approved share repurchase program up to \$400.0 million of our outstanding common stock. The primary use of this program will be to offset dilution. Adjusted free cash flow is not a U.S. GAAP financial measure and should not be considered in isolation of, or as a substitute for, cash flows calculated in accordance with U.S. GAAP.

### **Critical Accounting Policies and Estimates**

The preparation of the consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. On an on-going basis, we evaluate our estimates, including those related to bad debts, customer claims, inventories, pensions and other postretirement benefits, intangible assets, goodwill, leases, environmental liabilities, income taxes, derivative instruments and hedging activities and contingencies and litigation.

We believe the following are the critical accounting policies and areas affected by significant judgments and estimates impacting the preparation of our consolidated financial statements.

#### *Allowance for Doubtful Accounts*

We maintain an allowance for doubtful accounts for estimated losses resulting from the failure of our customers to make required payments. We perform ongoing credit evaluations of our customers and monitor their payment patterns. Should

the financial condition of our customers deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

### ***Inventories***

Inventories are valued at the lower of cost or market for those inventories determined by the LIFO method. We value other inventory at the lower of cost or net realizable value, determined by the FIFO and average cost methods. As of June 30, 2024 and 2023, \$152.2 million and \$133.2 million of inventory, respectively, was accounted for using a method other than the LIFO method. If the FIFO method of inventory had been used instead of the LIFO method, inventories would have been \$371.0 million and \$517.2 million higher as of June 30, 2024 and 2023, respectively.

Costs include direct materials, direct labor, applicable manufacturing overhead and other direct costs. Under the LIFO inventory valuation method, changes in the cost of raw materials and production activities are recognized in cost of sales in the current period even though these materials and other costs may have been incurred at significantly different values due to the length of time of our production cycle. The prices for many of the raw materials we use have been volatile. Since we value most of our inventory utilizing the LIFO inventory costing methodology, rapid changes in raw material costs have an impact on our operating results. In a period of rising prices, cost of sales expense recognized under LIFO is generally higher than the cash costs incurred to acquire the inventory sold. Conversely, in a period of declining raw material prices, cost of sales expense recognized under LIFO is generally lower than the cash costs incurred to acquire the inventory sold.

Since the LIFO inventory valuation methodology is designed for annual determination, interim estimates of the annual LIFO valuation are required. We evaluate the effects of the LIFO inventory valuation method on an interim basis by estimating the expected annual LIFO cost based on cost changes to date and recognize effects that are not expected to be replaced by year-end in the interim period in which the liquidation occurs. These projections of annual LIFO inventory valuation reserve changes are updated quarterly and are evaluated based upon material, labor and overhead costs.

### ***Pension and Other Postretirement Benefits***

The amount of net pension expense (income), which is determined annually, or upon remeasurement, is based upon the value of the assets in the pension trusts at the beginning of the fiscal year as well as actuarial assumptions, such as the discount rate and the expected long-term rate of return on plan assets. The assumed long-term rate of return on pension plan assets is reviewed at each year-end based on the plan's investment policies, an analysis of the historical returns of the capital markets and current interest rates. Based on the current funding level, the benchmark allocation policy for the Company's largest pension plan assets is to have approximately 75 percent in return seeking assets and 25 percent in liability-hedging assets. Return seeking assets include global equities, diversified credit and real assets. Liability-hedging assets include bond funds and cash. When the funding level of the plan reaches 95 percent and improves to fully or over-funded status in increments of 5 percent, assets will be shifted from return seeking to liability-hedging assets in accordance with the glidepath policy outlined in the pension plan's Investment Policy Statement. The plan discount rate is determined by reference to the BondLink interest rate model based upon a portfolio of highly rated U.S. corporate bonds with individual bonds that are theoretically purchased to settle the plan's anticipated cash outflows. The fluctuations in stock and bond markets could cause actual investment results to be significantly different from those assumed, and therefore, significantly impact the valuation of the assets in our pension trusts. Changes in actuarial assumptions could significantly impact the accounting for the pension assets and liabilities. If the assumed long-term rate of return on plan assets was changed by 0.25 percent, the net pension expense (income) would change by \$1.4 million. If the discount rate was changed by 0.25 percent, the net pension expense (income) would change by \$0.3 million.

### ***Long-Lived Assets***

Long-lived assets are reviewed for impairment and written down to fair value whenever events or changes in circumstances indicate that the carrying value may not be recoverable through estimated future undiscounted cash flows. The amount of the impairment loss is the excess of the carrying amount of the impaired assets over the fair value of the assets based upon estimated future discounted cash flows. We evaluate long-lived assets for impairment by individual business unit. Changes in estimated cash flows could have a significant impact on whether or not an asset is impaired and the amount of the impairment.

## ***Goodwill***

Goodwill is not amortized but instead is tested at least annually for impairment as of June 1, or more frequently if events or circumstances indicate that the carrying amount of goodwill may be impaired. Effective in fiscal year 2022 and prospectively, we will perform the required annual goodwill impairment test as of June 1 rather than on June 30 which was our previous practice. We believe this change is preferable as it more closely aligns with the timing of our annual budgeting process. We do not believe this change resulted in any delay, acceleration or avoidance of impairment. Furthermore, a retrospective application to prior periods is impracticable as we are unable to objectively determine, without the use of hindsight, the assumptions which would be used in earlier periods.

Potential impairment is identified by comparing the fair value of a reporting unit to its carrying value. If the carrying value of the reporting unit exceeds its fair value, any impairment loss is measured by the difference between the carrying value of the reporting unit and its fair value, not to exceed the carrying amount of goodwill. The discounted cash flow analysis for each reporting unit tested requires significant estimates and assumptions related to cash flow forecasts, discount rates, terminal values and income tax rates. The cash flow forecasts include significant judgments and assumptions related to revenue growth rates, which include perpetual growth rates, gross margin and weighted average cost of capital. The cash flow forecasts are developed based on assumptions about each reporting unit's markets, product offerings, pricing, capital expenditure and working capital requirements as well as cost performance.

The discount rates used in the discounted cash flow are estimated based on a market participant's perspective of each reporting unit's weighted average cost of capital. The terminal value, which represents the value attributed to the reporting unit beyond the forecast period, is estimated using a perpetuity growth rate assumption. The income tax rates used in the discounted cash flow analysis represent estimates of the long-term statutory income tax rates for each reporting unit based on the jurisdictions in which the reporting units operate.

As of June 30, 2024, we have two reporting units with goodwill recorded. Goodwill associated with the SAO reporting unit as of June 30, 2024, was \$195.5 million and represents 86 percent of total goodwill as of June 30, 2024. The remaining goodwill recorded as of June 30, 2024 of \$31.8 million is associated with the Dynamet reporting unit in the PEP segment. The fair value for both reporting units is estimated using a weighting of discounted cash flows and the use of market multiples valuation techniques.

In preparing the financial statements for the quarter ended March 31, 2024, we identified an impairment triggering event in the Latrobe Distribution reporting unit within the PEP segment related to a decline in customer ordering patterns. This combined with market headwinds due to general industrial macroeconomic conditions including rising interest rates has contributed to lower sales and profit margins compared to the established annual operation plan for fiscal year 2024. Despite the efforts we made to mitigate the market challenges, results had not improved for the Latrobe Distribution reporting unit during the quarter ended March 31, 2024. In light of these market conditions at the time, the pace of growth in the future projections for Latrobe Distribution reporting unit were lowered.

We determined the goodwill associated with the Latrobe Distribution reporting unit was impaired and recorded an impairment charge of \$14.1 million during the quarter ended March 31, 2024, which represented the entire balance of goodwill. The fair value was estimated using a weighting of discounted cash flows and the use of market multiples valuation techniques.

Goodwill associated with the SAO reporting unit is tested at the SAO segment level. As of June 1, 2024, the fair value of the SAO reporting unit exceeded the carrying value by 203 percent. The discounted cash flows analysis for the SAO reporting unit includes assumptions related to our ability to increase volume, improve mix, expand product offerings and continue to implement opportunities to reduce costs over the next several years. For purposes of the discounted cash flow analysis for SAO's fair value, a weighted average cost capital of 9.5 percent and a terminal growth rate assumption of 2.5 percent were used. If the long-term growth rate for this reporting unit had been hypothetically reduced by 0.5 percent at June 1, 2024, the SAO reporting unit would have a fair value that exceeded the carrying value by approximately 196 percent.

Goodwill associated with the PEP segment is tested at the Dynamet reporting unit level. As of June 1, 2024, the fair value of the Dynamet reporting unit exceeded the carrying value by 144 percent. For purposes of the discounted cash flow analysis for Dynamet's fair value, a weighted average cost capital of 11.0 percent and a terminal growth rate assumption of 2.5 percent were used. If the long-term growth rate for this reporting unit had been hypothetically reduced by 0.5 percent at June 1, 2024, the Dynamet reporting unit would have a fair value that exceeded the carrying value by approximately 140 percent.

The estimate of fair value requires significant judgment. We based our fair value estimates on assumptions that we believe to be reasonable but that are unpredictable and inherently uncertain, including estimates of future growth rates and operating margins and assumptions about the overall economic climate and the competitive environment for our business units. There can be no assurance that our estimates and assumptions made for purposes of our goodwill and identifiable intangible asset testing as of the time of testing will prove to be accurate predictions of the future. If our assumptions regarding business projections, competitive environments or anticipated growth rates are not correct, we may be required to record goodwill and/or intangible asset impairment charges in future periods, whether in connection with our next annual impairment testing or earlier, if an indicator of an impairment is present before our next annual evaluation. We continuously monitor for events and circumstances that could negatively impact the key assumptions in determining fair value of the reporting units.

### ***Leases***

Determination of whether a contract is or contains a lease at contract inception is based on the presence of identified assets and the right to obtain substantially all of the economic benefit from or to direct the use of such assets. When it is determined a lease exists, a right-of-use ("ROU") asset and corresponding lease liability are recorded on the consolidated balance sheets. ROU assets represent the right to use an underlying asset for the lease term. Lease liabilities represent the obligation to make lease payments arising from the lease. ROU assets are recognized at the commencement date at the value of the lease liability and are adjusted for any prepayments, lease incentives received and initial direct costs incurred. Lease liabilities are recognized at the lease commencement date based on the present value of remaining lease payments over the lease term. As the discount rate implicit in the lease is not readily determinable in most leases, an incremental borrowing rate is used. Lease terms include options to extend or terminate the lease when it is reasonably certain that the option will be exercised. Lease contracts with a term of 12 months or less are not recorded in the consolidated balance sheets. Fixed lease expense is recognized for operating leases on a straight-line basis over the lease term. Lease agreements with lease and non-lease components, are accounted for as a single lease component for all underlying asset classes. Accordingly, all costs associated with a lease contract are accounted for as lease costs. Some leasing arrangements require variable payments that are dependent on usage, output, or may vary for other reasons, such as insurance and tax payments. The variable lease payments are not presented as part of the ROU asset or lease liability.

### ***Environmental Expenditures***

Environmental expenditures that pertain to current operations or to future revenues are expensed or capitalized consistent with the Company's capitalization policy for property, plant and equipment. Expenditures that result from the remediation of an existing condition caused by past operations and that do not contribute to current or future revenues are expensed. Liabilities are recognized for remedial activities when the remediation is probable and the cost can be reasonably estimated. Most estimated liabilities are not discounted to present value due to the uncertainty as to the timing and duration of expected costs. For one former operating facility site, due to the routine nature of the expected costs, the liability for future costs is discounted to present value over 20 years with a discount rate of approximately 6 percent as of June 30, 2024 and approximately 5 percent as of June 30, 2023.

### ***Income Taxes***

Deferred income taxes result from temporary differences in the recognition of income and expense for financial and income tax reporting purposes, or differences between the fair value of assets acquired in business combinations accounted for as purchases for financial reporting purposes and their corresponding tax bases. Deferred income taxes represent future tax benefits (assets) or costs (liabilities) to be recognized when those temporary differences reverse. We evaluate on a quarterly basis whether, based on all available evidence, we believe that our deferred income tax assets will be realizable. Valuation allowances are established when it is estimated that it is more likely than not that the tax benefit of the deferred tax assets will not be realized. The evaluation includes the consideration of all available evidence, both positive and negative, regarding historical operating results including recent years with reported losses, the estimated timing of future reversals of existing taxable temporary differences, estimated future taxable income exclusive of reversing temporary differences and carryforwards, and potential tax planning strategies which may be employed to prevent an operating loss or tax credit carryforward from expiring unused. Future realization of deferred income tax assets ultimately depends upon the existence of sufficient taxable income within the carryback or carryforward period available under tax law.

Management determines whether a tax position should be recognized in the financial statements by evaluating whether it is more likely than not that the tax position will be sustained upon examination by the tax authorities based upon the technical merits of the position. For those tax positions which should be recognized, the measurement of a tax position is determined as being the largest amount of benefit that is greater than 50 percent likely of being realized upon ultimate settlement. Interest and penalties on estimated liabilities for uncertain tax positions are recorded as components of the provision for income taxes.

### ***Derivative Financial Instruments***

Our current risk management strategies include the use of derivative instruments to reduce certain risks. The critical strategies include: (1) the use of commodity forward contracts to fix the price of a portion of anticipated future purchases of certain raw materials and energy to offset the effects of changes in the costs of those commodities; and (2) the use of foreign currency forward contracts to hedge a portion of anticipated future sales denominated in foreign currencies, principally the Euro and Pound Sterling, in order to offset the effect of changes in exchange rates. The commodity forwards and foreign currency forwards have been designated as cash flow hedges and unrealized net gains and losses are recorded in the accumulated other comprehensive loss component of stockholders' equity. The unrealized gains or losses are reclassified to the statement of operations when the hedged transaction affects earnings or if the anticipated transactions are no longer expected to occur. We may use interest rate swaps to maintain a certain level of floating rate debt relative to fixed rate debt. Interest rate swaps have been designated as fair value hedges. Accordingly, the mark-to-market values of both the interest rate swap and the underlying debt obligations are recorded as equal and offsetting gains and losses in the interest expense component of the consolidated statement of operations. We have also used forward interest rate swaps to manage the risk of cash flow variability associated with fixed interest debt expected to be issued. We also use foreign currency forward contracts to protect certain short-term asset or liability positions denominated in foreign currencies against the effect of changes in exchange rates. These positions do not qualify for hedge accounting and accordingly are marked-to-market at each reporting date through charges to other expense (income), net.

### ***New Accounting Pronouncements***

For information with respect to new accounting pronouncements and the impact of these pronouncements on our consolidated financial statements, see Note 3 to Notes to Consolidated Financial Statements included in Item 8. "Financial Statements and Supplementary Data."

### **Off Balance Sheet Arrangements**

We had no off balance sheet arrangements during the periods presented.

### **Market Sensitive Instruments and Risk Management**

See "Item 7A. Quantitative and Qualitative Disclosures About Market Risk" for discussion of market sensitive instruments and associated market risk for Carpenter Technology Corporation.

## Contingencies

### *Environmental*

We are subject to various federal, state, local and international environmental laws and regulations relating to pollution, protection of public health and the environment, natural resource damages and occupational safety and health. Although compliance with these laws and regulations may affect the costs of our operations, compliance costs to date have not been material. We have environmental remediation liabilities at some of our owned operating facilities and have been designated as a potentially responsible party ("PRP") with respect to certain third party Superfund waste-disposal sites and other third party-owned sites. We accrue amounts for environmental remediation costs that represent our best estimate of the probable and reasonably estimable future costs related to environmental remediation. Additionally, we have been notified that we may be a PRP with respect to other Superfund sites as to which no proceedings have been instituted against us. Neither the exact amount of remediation costs nor the final method of their allocation among all designated PRPs at these Superfund sites have been determined. Accordingly, at this time, we cannot reasonably estimate expected costs for such matters. The liability for future environmental remediation costs that can be reasonably estimated is evaluated on a quarterly basis. The liabilities recorded for environmental remediation costs at Superfund sites, other third party-owned sites and Carpenter-owned current or former operating facilities remaining at June 30, 2024 and 2023 were \$17.3 million and \$16.5 million, respectively.

In December 1997, we were named as a party in a Landfill Settlement Agreement related to a third-party Superfund waste-disposal site. As a result of this Agreement, we were obligated to reimburse the settling work defendants for capital expenditure costs as they were incurred, which was prior to fiscal year 2022. During fiscal year 2022, we recorded a \$2.4 million liability related to these costs. During fiscal year 2023, we paid the liability related to the prior capital expenditure costs and incurred minimal additional costs related to ongoing studies. We expect to incur additional claims as a result of this ongoing study that cannot be quantified at this time.

Estimates of the amount and timing of future costs of environmental remediation requirements are inherently imprecise because of the continuing evolution of environmental laws and regulatory requirements, the availability and application of technology, the identification of currently unknown remediation sites and the allocation of costs among the PRPs. Based upon information currently available, such future costs are not expected to have a material effect on our financial position, results of operations or cash flows over the long-term. However, such costs could be material to our financial position, results of operations or cash flows in a particular future quarter or year.

### *Other*

We are defending various routine claims and legal actions that are incidental to our business, and that are common to our operations, including those pertaining to product claims, commercial disputes, patent infringement, employment actions, employee benefits, compliance with domestic and foreign laws and regulations, personal injury claims and tax issues. Like many other manufacturing companies in recent years we, from time to time, have been named as a defendant in lawsuits alleging personal injury as a result of exposure to chemicals and substances in the workplace such as asbestos. We provide for costs relating to these matters when a loss is probable and the amount of the loss is reasonably estimable. The effect of the outcome of these matters on our future results of operations and liquidity cannot be predicted because any such effect depends on future results of operations and the amount and timing (both as to recording future charges to operations and cash expenditures) of the resolution of such matters. While it is not feasible to determine the outcome of these matters, we believe that the total liability from these matters will not have a material effect on our financial position, results of operations or cash flows over the long-term. However, there can be no assurance that an increase in the scope of pending matters or that any future lawsuits, claims, proceedings or investigations will not be material to our financial position, results of operations or cash flows in a particular future quarter or year.

## **Forward-Looking Statements**

This Annual Report on Form 10-K contains forward-looking statements within the meaning of the Private Securities Litigation Act of 1995. These forward-looking statements are subject to risks and uncertainties that could cause actual results to differ from those projected, anticipated or implied. The most significant of these uncertainties are described in this Form 10-K. They include but are not limited to: (1) the cyclical nature of the specialty materials business and certain end-use markets, including aerospace, defense, medical, transportation, energy, industrial and consumer, or other influences on Carpenter Technology's business such as new competitors, the consolidation of competitors, customers, and suppliers or the transfer of manufacturing capacity from the United States to foreign countries; (2) the ability of Carpenter Technology to achieve cash generation, growth, earnings, profitability, operating income, cost savings and reductions, qualifications, productivity improvements or process changes; (3) the ability to recoup increases in the cost of energy, raw materials, freight or other factors; (4) domestic and foreign excess manufacturing capacity for certain metals; (5) fluctuations in currency exchange and interest rates; (6) the effect of government trade actions; (7) the valuation of the assets and liabilities in Carpenter Technology's pension trusts and the accounting for pension plans; (8) possible labor disputes or work stoppages; (9) the potential that our customers may substitute alternate materials or adopt different manufacturing practices that replace or limit the suitability of our products; (10) the ability to successfully acquire and integrate acquisitions; (11) the availability of credit facilities to Carpenter Technology, its customers or other members of the supply chain; (12) the ability to obtain energy or raw materials, especially from suppliers located in countries that may be subject to unstable political or economic conditions; (13) Carpenter Technology's manufacturing processes are dependent upon highly specialized equipment located primarily in facilities in Reading and Latrobe, Pennsylvania and Athens, Alabama for which there may be limited alternatives if there are significant equipment failures or a catastrophic event; (14) the ability to hire and retain a qualified workforce and key personnel, including members of the executive management team, management, metallurgists and other skilled personnel; (15) fluctuations in oil and gas prices and production; (16) the impact of potential cyber attacks and information technology or data security breaches; (17) the ability of suppliers to meet obligations due to supply chain disruptions or otherwise; (18) the ability to meet increased demand, production targets or commitments; (19) the ability to manage the impacts of natural disasters, climate change, pandemics and outbreaks of contagious diseases and other adverse public health developments; and (20) geopolitical, economic, and regulatory risks relating to our global business, including geopolitical and diplomatic tensions, instabilities and conflicts, such as the war in Ukraine, the war between Israel and HAMAS, and Houthi attacks on commercial shipping vessels and other naval vessels as well as compliance with U.S. and foreign trade and tax laws, sanctions, embargoes and other regulations. Any of these factors could have an adverse and/or fluctuating effect on Carpenter Technology's results of operations. The forward-looking statements in this document are intended to be subject to the safe harbor protection provided by Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended. We caution you not to place undue reliance on forward-looking statements, which speak only as of the date of this Form 10-K or as of the dates otherwise indicated in such forward-looking statements. Carpenter Technology undertakes no obligation to update or revise any forward-looking statements.

## **Item 7A. Quantitative and Qualitative Disclosures about Market Risk**

We use derivative financial instruments to reduce certain types of financial risk. Firm price sales arrangements involve a risk of profit margin fluctuations particularly as raw material prices have been volatile. Firm price sales arrangements generally include certain annual purchasing commitments and consumption schedules agreed to by the customers at selling prices based on raw material prices at the time the arrangements are established. As discussed in Note 16 to the consolidated financial statements included in Part II, Item 8. "Financial Statements and Supplementary Data," in order to reduce the risk of fluctuating profit margins on these sales, we enter into commodity forward contracts to purchase certain critical raw materials necessary to produce the products sold under the firm price sales arrangements. If a customer fails to perform its obligations under the firm price sales arrangements, we may realize losses as a result of the related commodity forward contracts. As of June 30, 2024, we had approximately \$2.6 million of net deferred losses related to commodity forward contracts to purchase certain raw materials. A large portion of this balance is related to commodity forward contracts to support firm price sales arrangements associated with many customers in addition to credit already extended to these customers in connection with outstanding trade receivables. Our customers have historically performed under these arrangements and we believe that they will honor such obligations in the future.

We are actively involved in managing risks associated with energy resources. Risk containment strategies include interaction with primary and secondary energy suppliers as well as obtaining adequate insurance coverage to compensate us for potential business interruption related to lack of availability of energy resources. In addition, we have used forwards to fix the price of a portion of our anticipated future purchases of certain energy requirements to protect against the impact of significant increases in energy costs. We also use surcharge mechanisms to offset a portion of these charges where appropriate.

Fluctuations in foreign currency exchange rates could subject us to risk of losses on anticipated future cash flows from our international operations or customers. Foreign currency forward contracts are used to hedge certain foreign exchange risk.

From time-to-time we use interest rate swaps to achieve a level of floating rate debt relative to fixed rate debt where appropriate. Historically, we have entered into forward swap contracts to manage the risk of cash flow variability associated with fixed interest debt expected to be issued.

All hedging strategies are reviewed and approved by senior financial management before being implemented. Senior financial management has established policies regarding the use of derivative instruments that prohibit the use of speculative or leveraged derivatives.

Based on the current funding level, the benchmark allocation policy for the Company's largest pension plan assets is to have approximately 75 percent in return seeking assets and 25 percent in liability-hedging assets. Return seeking assets include global equities, diversified credit and real assets. Liability-hedging assets include bond funds and cash. When the funding level of the plan reaches 95 percent and improves to fully or over-funded status in increments of 5 percent, assets will be shifted from return seeking to liability-hedging assets in accordance with the glidepath policy outlined in the pension plan's Investment Policy Statement.

The status of our financial instruments as of June 30, 2024, is provided in Note 16 to the consolidated financial statements included in Item 8. "Financial Statements and Supplementary Data." Assuming on June 30, 2024, (a) an instantaneous 10 percent decrease in the price of raw materials and energy for which we have commodity forward contracts, or (b) a 10 percent strengthening of the U.S. dollar versus foreign currencies for which foreign exchange forward contracts existed, our results of operations would not have been materially affected in either scenario.

**Item 8. Financial Statements and Supplementary Data**

**Index to Consolidated Financial Statements and Supplementary Data**

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### **Management's Responsibilities for Financial Reporting**

Management prepared the financial statements included in this Annual Report on Form 10-K and is responsible for their integrity and objectivity. The statements were prepared in conformity with accounting principles generally accepted in the United States of America and, as such, include amounts based on management's best judgments and estimates. Financial information elsewhere in this Annual Report is consistent with that in the financial statements.

Carpenter maintains a system of internal controls, supported by a code of conduct, designed to provide reasonable assurance that assets are safeguarded and transactions are properly executed and recorded for the preparation of financial information. We believe Carpenter's system of internal controls provides this appropriate balance. The system of internal controls and compliance is continually monitored by Carpenter's internal audit staff.

The Audit/Finance Committee of the Board of Directors, composed of independent directors, meets regularly with management, Carpenter's internal auditors and our independent registered public accounting firm to consider audit results and to discuss significant internal control, auditing and financial reporting matters. Both the independent registered public accounting firm and internal auditors have unrestricted access to the Audit/Finance Committee.

### **Management's Report on Internal Control Over Financial Reporting**

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

Management assessed the effectiveness of Carpenter's internal control over financial reporting as of June 30, 2024. In making this assessment, it used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control — Integrated Framework* (2013).

Based on its assessment, management concluded that, as of June 30, 2024, Carpenter's internal control over financial reporting is effective based on those criteria.

The effectiveness of Carpenter's internal control over financial reporting as of June 30, 2024, has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report appearing herein.

/s/ Tony R. Thene

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Tony R. Thene  
President and Chief Executive Officer

/s/ Timothy Lain

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Timothy Lain  
Senior Vice President and Chief Financial Officer

Report of Independent Registered Public Accounting Firm

To the Board of Directors and  
Stockholders of Carpenter Technology Corporation

***Opinions on the Financial Statements and Internal Control over Financial Reporting***

We have audited the accompanying consolidated balance sheets of Carpenter Technology Corporation and its subsidiaries (the "Company") as of June 30, 2024 and 2023, and the related consolidated statements of operations, of comprehensive income (loss), of changes in equity and of cash flows for each of the three years in the period ended June 30, 2024, including the related notes and financial statement schedule listed in the accompanying index (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of June 30, 2024, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of June 30, 2024 and 2023, and the results of its operations and its cash flows for each of the three years in the period ended June 30, 2024 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of June 30, 2024, based on criteria established in Internal Control - Integrated Framework (2013) issued by the COSO.

***Basis for Opinions***

The Company's management is responsible for these consolidated financial statements, 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 opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (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 audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

***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 (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) 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.

***Critical Audit Matters***

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) 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 matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

***Revenue Recognition - Goods Transferred to the Customer***

As described in Notes 1 and 4 to the consolidated financial statements, revenue is recognized when the Company's performance obligations are satisfied. This occurs when control of the goods and services has transferred to the customer, which is generally determined when title, ownership and risk of loss pass to the customer, all of which occurs upon shipment or delivery of the product, based on the applicable shipping terms, or when the service is performed. For the year ended June 30, 2024, the Company's net sales were \$2.76 billion, a majority of which relates to goods transferred to the customer.

The principal consideration for our determination that performing procedures relating to revenue recognition related to goods transferred to the customer is a critical audit matter is a high degree of auditor effort in performing procedures related to the Company's revenue recognition.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the revenue recognition process. These procedures also included, among others (i) testing the issuance and settlement of invoices and credit memos, tracing transactions not settled to a detailed listing of accounts receivable, and testing the completeness and accuracy of certain data provided by management; (ii) testing revenue, on a test basis, by obtaining and inspecting source documents, such as invoices, delivery documents, evidence of customer arrangement, price information, and cash receipts; and (iii) performing confirmation procedures for a sample of outstanding customer invoice balances as of June 30, 2024 and, for confirmations not returned, obtaining and inspecting source documents, such as invoices, delivery documents, evidence of customer arrangement, price information, and subsequent cash receipts.

/s/ PricewaterhouseCoopers LLP  
Philadelphia, Pennsylvania

August 13, 2024

We have served as the Company's auditor since 1918.

**CARPENTER TECHNOLOGY CORPORATION**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
**For the Years Ended June 30, 2024, 2023 and 2022**

(\$ in millions, except per share data)	2024	2023	2022
Net sales	\$ 2,759.7	\$ 2,550.3	\$ 1,836.3
Cost of sales	2,175.4	2,213.0	1,686.5
Gross profit	584.3	337.3	149.8
Selling, general and administrative expenses	230.2	204.2	174.7
Goodwill impairment charge	14.1	—	—
Restructuring and asset impairment charges	16.9	—	—
Operating income (loss)	323.1	133.1	(24.9)
Interest expense, net	51.0	54.1	44.9
Debt extinguishment losses, net	—	—	6.0
Other expense (income), net	60.5	6.5	(12.7)
Income (loss) before income taxes	211.6	72.5	(63.1)
Income tax expense (benefit)	25.1	16.1	(14.0)
Net income (loss)	\$ 186.5	\$ 56.4	\$ (49.1)
<b>EARNINGS (LOSS) PER COMMON SHARE:</b>			
Basic	\$ 3.75	\$ 1.15	\$ (1.01)
Diluted	\$ 3.70	\$ 1.14	\$ (1.01)
<b>WEIGHTED AVERAGE COMMON SHARES OUTSTANDING:</b>			
Basic	49.7	48.8	48.5
Diluted	50.3	49.2	48.5

See accompanying notes to consolidated financial statements.

**CARPENTER TECHNOLOGY CORPORATION**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)**  
**For the Years ended June 30, 2024, 2023 and 2022**

(\$ in millions)	2024	2023	2022
Net income (loss)	\$ 186.5	\$ 56.4	\$ (49.1)
Other comprehensive income (loss), net of tax:			
Net gain (loss) on derivative instruments, net of tax of \$(0.3), \$3.9 and \$0.5, respectively	1.1	(12.5)	(1.4)
Pension and postretirement benefits, net of tax of \$(16.0), \$(11.8) and \$(8.4), respectively	51.2	37.4	26.2
Foreign currency translation	(3.2)	5.6	(6.0)
Other comprehensive income, net of tax	49.1	30.5	18.8
Comprehensive income (loss), net of tax	<u>\$ 235.6</u>	<u>\$ 86.9</u>	<u>\$ (30.3)</u>

See accompanying notes to consolidated financial statements.

**CARPENTER TECHNOLOGY CORPORATION**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
For the Years Ended June 30, 2024, 2023 and 2022

(\$ in millions)	2024	2023	2022
<b>OPERATING ACTIVITIES</b>			
Net income (loss)	\$ 186.5	\$ 56.4	\$ (49.1)
Adjustments to reconcile net income to net cash provided from operating activities:			
Depreciation and amortization	134.6	131.0	131.4
Goodwill impairment charge	14.1	—	—
Acquisition-related contingent liability release	—	—	(4.7)
Noncash restructuring and asset impairment charges	15.8	—	—
Debt extinguishment losses, net	—	—	6.0
Deferred income taxes	(13.3)	(0.4)	(3.1)
Net pension expense (income)	76.0	19.9	(7.3)
Share-based compensation expense	19.8	16.4	10.8
Net loss on disposal of property, plant, and equipment and assets held for sale	4.6	2.5	2.0
Changes in working capital and other:			
Accounts receivable	(32.6)	(144.5)	(79.0)
Inventories	(96.7)	(140.3)	(71.9)
Other current assets	(31.3)	13.0	8.3
Accounts payable	(11.0)	29.2	95.7
Accrued liabilities	23.6	38.2	(24.5)
Pension plan contributions	(11.3)	—	(0.7)
Other postretirement plan contributions	(2.6)	(3.3)	(1.7)
Other, net	(1.3)	(3.4)	(6.2)
Net cash provided from operating activities	<u>274.9</u>	<u>14.7</u>	<u>6.0</u>
<b>INVESTING ACTIVITIES</b>			
Purchases of property, plant, equipment and software	(96.6)	(82.3)	(91.3)
Proceeds from disposals of property, plant and equipment and assets held for sale	0.7	—	2.2
Net cash used for investing activities	<u>(95.9)</u>	<u>(82.3)</u>	<u>(89.1)</u>
<b>FINANCING ACTIVITIES</b>			
Credit agreement borrowings	62.5	183.7	—
Credit agreement repayments	(62.5)	(183.7)	—
Proceeds from issuance of long-term debt, net of offering costs	—	—	296.6
Payments on long-term debt	—	—	(300.0)
Payments for debt extinguishment costs, net	—	—	(6.0)
Payments for debt issue costs	—	(1.9)	(0.8)
Dividends paid	(40.0)	(39.4)	(39.2)
Proceeds from stock options exercised	40.9	5.0	—
Withholding tax payments on share-based compensation awards	(24.2)	(3.8)	(3.4)
Net cash used for financing activities	<u>(23.3)</u>	<u>(40.1)</u>	<u>(52.8)</u>
Effect of exchange rate changes on cash and cash equivalents	(1.1)	(2.0)	2.7
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<u>154.6</u>	<u>(109.7)</u>	<u>(133.2)</u>
Cash and cash equivalents at beginning of year	44.5	154.2	287.4
Cash and cash equivalents at end of year	<u>\$ 199.1</u>	<u>\$ 44.5</u>	<u>\$ 154.2</u>

See accompanying notes to consolidated financial statements.

**CARPENTER TECHNOLOGY CORPORATION**  
**CONSOLIDATED BALANCE SHEETS**  
**June 30, 2024 and 2023**

(\$ in millions, except share data)	2024	2023
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 199.1	\$ 44.5
Accounts receivable, net of allowance for doubtful accounts of \$6.9 million and \$7.4 million at June 30, 2024 and 2023, respectively	562.6	531.3
Inventories	735.4	639.7
Other current assets	94.1	66.4
Total current assets	<u>1,591.2</u>	<u>1,281.9</u>
Property, plant, equipment and software, net	1,335.2	1,383.8
Goodwill	227.3	241.4
Other intangibles, net	15.2	28.7
Deferred income taxes	7.5	6.6
Other assets	115.3	111.5
Total assets	<u>\$ 3,291.7</u>	<u>\$ 3,053.9</u>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	\$ 263.9	\$ 278.1
Accrued liabilities	202.4	181.3
Total current liabilities	<u>466.3</u>	<u>459.4</u>
Long-term debt	694.2	693.0
Accrued pension liabilities	207.6	190.1
Accrued postretirement benefits	21.1	45.8
Deferred income taxes	174.1	170.3
Other liabilities	99.6	99.2
Total liabilities	<u>1,662.9</u>	<u>1,657.8</u>
Contingencies and commitments (see Note 12)		
<b>STOCKHOLDERS' EQUITY</b>		
Common stock — authorized 100,000,000 shares; issued 56,978,663 shares at June 30, 2024, and 56,143,131 shares at June 30, 2023; outstanding 49,776,955 shares at June 30, 2024, and 48,635,740 shares at June 30, 2023	284.9	280.7
Capital in excess of par value	352.6	328.4
Reinvested earnings	1,374.5	1,228.0
Common stock in treasury (7,201,708 shares and 7,507,391 shares at June 30, 2024 and 2023, respectively), at cost	(289.3)	(298.0)
Accumulated other comprehensive loss	(93.9)	(143.0)
Total stockholders' equity	<u>1,628.8</u>	<u>1,396.1</u>
Total liabilities and stockholders' equity	<u>\$ 3,291.7</u>	<u>\$ 3,053.9</u>

See accompanying notes to consolidated financial statements.

**CARPENTER TECHNOLOGY CORPORATION**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**For the Years Ended June 30, 2024, 2023 and 2022**

(\$ in millions, except per share data)	Common Stock		Reinvested Earnings	Common Stock in Treasury	Accumulated Other Comprehensive (Loss) Income	Total Equity
	Par Value of \$5	Capital in Excess of Par Value				
<b>Balances at June 30, 2021</b>	\$ 280.1	\$ 322.6	\$ 1,299.3	\$ (317.4)	\$ (192.3)	\$ 1,392.3
Net loss			(49.1)			(49.1)
Net loss on derivative instruments, net of tax					(1.4)	(1.4)
Pension and postretirement benefits, net of tax					26.2	26.2
Foreign currency translation					(6.0)	(6.0)
Cash dividends:						
Common @ \$0.80 per share			(39.2)			(39.2)
Share-based compensation plans		(2.3)		10.0		7.7
<b>Balances at June 30, 2022</b>	<b>280.1</b>	<b>320.3</b>	<b>1,211.0</b>	<b>(307.4)</b>	<b>(173.5)</b>	<b>1,330.5</b>
Net income			56.4			56.4
Net loss on derivative instruments, net of tax					(12.5)	(12.5)
Pension and postretirement benefits, net of tax					37.4	37.4
Foreign currency translation					5.6	5.6
Cash dividends:						
Common @ \$0.80 per share			(39.4)			(39.4)
Share-based compensation plans		3.7		9.4		13.1
Stock options exercised	0.6	4.4				5.0
<b>Balances at June 30, 2023</b>	<b>280.7</b>	<b>328.4</b>	<b>1,228.0</b>	<b>(298.0)</b>	<b>(143.0)</b>	<b>1,396.1</b>
Net income			186.5			186.5
Net gain on derivative instruments, net of tax					1.1	1.1
Pension and postretirement benefits, net of tax					51.2	51.2
Foreign currency translation					(3.2)	(3.2)
Cash dividends:						
Common @ \$0.80 per share			(40.0)			(40.0)
Share-based compensation plans		0.9		8.7		9.6
Stock options exercised	4.2	23.3				27.5
<b>Balances at June 30, 2024</b>	<b>\$ 284.9</b>	<b>\$ 352.6</b>	<b>\$ 1,374.5</b>	<b>\$ (289.3)</b>	<b>\$ (93.9)</b>	<b>\$ 1,628.8</b>

See accompanying notes to consolidated financial statements.

**CARPENTER TECHNOLOGY CORPORATION**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)**  
**For the Years Ended June 30, 2024, 2023 and 2022**

	Common Shares		
	Issued	Treasury	Net Outstanding
Balances at June 30, 2021	56,024,619	(7,983,943)	48,040,676
Stock options exercised	891	—	891
Share-based compensation plans	—	244,872	244,872
Balances at June 30, 2022	56,025,510	(7,739,071)	48,286,439
Stock options exercised	117,621	—	117,621
Share-based compensation plans	—	231,680	231,680
Balances at June 30, 2023	56,143,131	(7,507,391)	48,635,740
Stock options exercised	835,532	—	835,532
Share-based compensation plans	—	305,683	305,683
Balances at June 30, 2024	56,978,663	(7,201,708)	49,776,955

See accompanying notes to consolidated financial statements.

**CARPENTER TECHNOLOGY CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**1. Summary of Significant Accounting Policies**

***Basis of Consolidation***

The consolidated financial statements include the accounts of the Company and all majority-owned subsidiaries. All significant intercompany accounts and transactions are eliminated.

***Revenue Recognition***

Revenue, net of related discounts, rebates, returns and allowances is recognized when performance obligations are satisfied under the terms of a customer order or contract. This occurs when control of the goods and services has transferred to the customer, which is generally determined when title, ownership and risk of loss pass to the customer, all of which occurs upon shipment or delivery of the product, based on the applicable shipping terms, or when the service is performed. Shipping terms may vary for products shipped outside the United States depending on the mode of transportation, the country where the material is shipped and any agreements made with the customers.

***Freight and Handling Fees and Costs***

Freight and handling fees and costs billed separately to customers are included as part of net sales, and freight and handling costs expensed are included as part of cost of sales on the consolidated statements of operations.

***Research and Development***

Research and development expenditures, which amounted to \$25.6 million, \$24.4 million and \$20.4 million in fiscal years 2024, 2023 and 2022, respectively, are expensed as incurred and are generally reported in cost of sales in the consolidated statements of operations. The research and development expenditures consist principally of salaries and benefits, building costs, utilities and administrative expenses. Substantially all development costs are related to developing new products or designing significant improvements to existing products or processes.

***Cash Equivalents***

Cash equivalents consist of highly liquid instruments with original maturities of three months or less. Cash equivalents are stated at cost, which approximates market.

***Accounts Receivable***

Trade receivables are carried at original invoice amount less an estimate made for doubtful receivables based on a review of outstanding amounts. Trade credit is extended based upon periodic evaluation of each customer's ability to perform its obligations. The Company determines accounts receivable allowances based on an aging of accounts and a review of specific accounts identified as collection risks. The Company generally does not require collateral to secure accounts receivable.

***Inventories***

Inventories are valued at the lower of cost or market for those inventories determined by the LIFO method. The Company values other inventory at the lower of cost or net realizable value, determined by the FIFO and average cost methods. As of June 30, 2024 and 2023, \$152.2 million and \$133.2 million of inventory, respectively, was accounted for using a method other than the LIFO method.

**CARPENTER TECHNOLOGY CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

***Property, Plant and Equipment and Depreciation***

Fixed assets are stated at historical cost, with the exception of assets acquired through acquisitions, which are recorded at fair value, less accumulated depreciation. Depreciation for financial reporting purposes is computed by the straight-line method over the estimated useful lives of the assets. Upon disposal, assets and related depreciation are removed from the accounts and the differences between the net amounts and proceeds from disposal are generally included in cost of goods sold in the consolidated statements of operations.

***Computer Software and Amortization***

Computer software is included in property, plant, equipment and software, net on the consolidated balance sheets and is amortized for financial reporting purposes on a straight-line basis over the respective estimated useful lives ranging from 3 to 15 years.

***Goodwill***

Goodwill, net of accumulated impairment losses, representing the excess of the cost over the net tangible and identifiable intangible assets of acquired businesses, is stated at cost. Goodwill is not amortized but instead is tested at least annually for impairment as of June 1, or more frequently if events or circumstances indicate that the carrying amount of goodwill may be impaired.

Potential impairment is identified by comparing the fair value of a reporting unit to its carrying value, including goodwill. The fair value is estimated using a weighting of discounted cash flows and the use of market multiples valuation techniques for the SAO reporting unit and the Dynamet reporting unit in the PEP segment.

The discounted cash flow technique requires the use of cash flow forecasts. The cash flow forecasts include significant judgments and assumptions related to revenue growth rates, which include perpetual growth rates, gross margin and weighted average cost of capital. The market multiples valuation technique includes significant judgment in the determination of the market multiples. If the carrying value of the reporting unit exceeds its fair value, any impairment loss is measured by the difference between the carrying value of the reporting unit and its fair value, not to exceed the carrying amount of goodwill.

***Intangible assets***

The costs of intangible assets, consisting principally of trademarks, trade names, non-compete arrangements, technology, patents and customer relationships are amortized on a straight-line basis over the estimated useful lives ranging from 15 to 30 years. The gross carrying amount and related accumulated amortization are removed from the accounts upon full amortization or impairment.

***Impairment of Long-Lived Assets***

Long-lived assets subject to amortization, including property, plant, equipment, software and intangible assets, are reviewed for impairment and written down to fair value whenever events or changes in circumstances indicate that the carrying value may not be recoverable through future undiscounted cash flows. The amount of the impairment loss is the excess of the carrying amount of the impaired assets over the fair value of the assets based upon discounted future cash flows.

**CARPENTER TECHNOLOGY CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

***Leases***

Determination of whether a contract is or contains a lease at contract inception is based on the presence of identified assets and the right to obtain substantially all of the economic benefit from or to direct the use of such assets. When it is determined a lease exists, a right-of-use ("ROU") asset and corresponding lease liability are recorded on the consolidated balance sheets. ROU assets represent the right to use an underlying asset for the lease term. Lease liabilities represent the obligation to make lease payments arising from the lease. On the lease commencement date, the Company measures and records a ROU asset and lease liability equal to the present value of the remaining lease payments, discounted using the rate implicit in the lease (or if that rate cannot be readily determined, an incremental borrowing rate). Lease terms include options to extend or terminate the lease when it is reasonably certain that the option will be exercised. Lease contracts with a term of 12 months or less are not recorded in the consolidated balance sheets. Fixed lease expense is recognized for operating leases on a straight-line basis over the lease term. Lease agreements with lease and non-lease components, are accounted for as a single lease component for all underlying asset classes. Accordingly, all costs associated with a lease contract are accounted for as lease costs. Some leasing arrangements require variable payments that are dependent on usage, output, or may vary for other reasons, such as insurance and tax payments. The variable lease payments are not presented as part of the ROU asset or lease liability.

***Environmental Expenditures***

Environmental expenditures that pertain to current operations or to future revenues are expensed or capitalized consistent with the Company's capitalization policy for property, plant and equipment. Expenditures that result from the remediation of an existing condition caused by past operations and that do not contribute to current or future revenues are expensed. Liabilities are recognized for remedial activities when the remediation is probable and the cost can be reasonably estimated. Most estimated liabilities are not discounted to present value due to the uncertainty as to the timing and duration of expected costs. For one former operating facility site, due to the routine nature of the expected costs, the liability for future costs is discounted to present value over 20 years assuming a discount rate of approximately 6 percent as of June 30, 2024 and approximately 5 percent as of June 30, 2023. The liabilities, net of present value discount, for this former operating site were \$10.6 million and \$10.1 million, as of June 30, 2024 and 2023, respectively.

***Derivative Financial Instruments***

All derivative financial instruments are recorded on the balance sheet at their fair value and changes in fair value are recorded each period in current earnings or other comprehensive income (loss). The Company enters into derivative financial instruments to hedge certain anticipated transactions, firm commitments or assets and liabilities denominated in foreign currencies. In addition, the Company, from time to time, utilizes interest rate swaps to convert fixed rate debt to floating rate debt.

***Foreign Currency Translation***

Assets and liabilities of international operations are translated into U.S. dollars at exchange rates in effect at year-end, and their income statements are translated at the average monthly exchange rates prevailing during the year. The resulting translation gains and losses are recorded each period as a component of accumulated other comprehensive income (loss) until the international entity is sold or liquidated. Gains and losses from transactions denominated in foreign currencies are reported in other expense (income), net in the consolidated statements of operations.

**CARPENTER TECHNOLOGY CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

***Income Taxes***

Deferred income taxes are recognized by applying enacted statutory tax rates, applicable to future years, to temporary differences between the tax basis and financial statement carrying values of the Company's assets and liabilities. Valuation allowances are recorded to reduce deferred tax assets to amounts that are more likely than not to be realized.

Significant judgments, estimates and assumptions are required in determining tax return reporting positions and in calculating provisions for income tax, which are based on interpretations of tax regulations and accounting pronouncements. Liabilities are established for uncertain tax positions when it is more likely than not that such positions, if challenged, would not be sustained upon review by taxing authorities. These liabilities are re-evaluated as tax regulations and facts and circumstances change, such as the closing of a tax audit or the expiration of the statute of limitations for a specific exposure.

***Earnings per Share***

The Company calculates basic and diluted earnings per share using the two class method. Under the two class method, earnings are allocated to common stock and participating securities (non-vested restricted shares and units that receive non-forfeitable dividends) according to their participation rights in dividends and undistributed earnings. The earnings available to each class of stock are divided by the weighted average number of outstanding shares for the period in each class. Diluted earnings per share assumes the issuance of common stock for all potentially dilutive share equivalents outstanding.

***Concentration of Credit Risk***

Financial instruments that are potentially subject to concentrations of credit risk consist primarily of cash and cash equivalents, investments in marketable securities and trade receivables. Investment and cash management policies have been implemented that limit deposit concentrations and limit investments to investment grade securities. The risk with respect to trade receivables is mitigated by monitoring payment terms and periodic credit evaluations the Company performs on our customers, the short duration of our payment terms and by the diversification of our customer base. During fiscal years 2024, 2023 and 2022, no single customer accounted for 10 percent or more of total net sales. No single customer accounted for 10 percent or more of the accounts receivable outstanding at June 30, 2024 and 2023.

***Use of Estimates***

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

**CARPENTER TECHNOLOGY CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**2. Restructuring and Asset Impairment Charges**

During fiscal year 2024, the Company recorded restructuring and asset impairment charges of \$16.9 million as a result of actions taken to streamline operations in the Carpenter Additive business in the PEP segment. This included \$15.8 million of noncash pre-tax impairment charges related to \$8.8 million of property, plant, equipment and software and \$7.0 million associated with a certain definite lived intangible asset. The Company also recognized \$1.1 million of various personnel costs for severance payments, medical coverage and related items.

There were no restructuring and asset impairment charges for fiscal years 2023 and 2022.

The reserve balances and activity for restructuring charges at June 30, 2024 and 2023 were as follows:

(\$ in millions)	June 30,	
	2024	2023
Reserve balance beginning of year	\$ —	\$ —
Restructuring charges excluding noncash impairments	1.1	—
Cash payments	—	—
Reserve balance end of year	\$ 1.1	\$ —

**3. Recent Accounting Pronouncements**

*Recently Issued Accounting Pronouncements - Pending Adoption*

In December 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2023-09 Income Taxes (Topic 740): Improvements to Income Tax Disclosures. The guidance in this ASU enhances the transparency and decision functionality of income tax disclosures to provide investors information to better assess how an entity's operations and related tax risks, tax planning and operational opportunities affect its tax rate and prospects for future cash flow. The amendments in this ASU require public entities to disclose the following specific categories in the rate reconciliation by both percentages and reporting currency amounts: the effect of state and local income tax, net of federal (national) income tax, foreign tax effects, effects of changes in tax laws or rates enacted in the current period, effects of cross-border tax laws, tax credits, changes in valuation allowances, nontaxable or nondeductible items and changes in unrecognized tax benefits. The amendments in ASU 2023-09 also require public entities to provide additional information for reconciling items that meet the qualitative threshold (if the effect of those reconciling items is equal to or greater than 5 percent of the amount computed by multiplying pre-tax income (loss) by the applicable statutory income tax rate). The ASU requires reporting entities to annually disclose the year-to-date amount of income taxes paid (net of refunds received) disaggregated by federal, state and foreign localities. The amendments in this ASU should be applied on a prospective basis and retrospective application is permitted. For public business entities, ASU 2023-09 is effective for annual periods beginning after December 15, 2024. Early adoption is permitted for annual financial statements not yet issued. ASU 2023-09 is a requirement for additional disclosure and is not expected to materially impact the consolidated financial statements.

In November 2023, the FASB issued ASU 2023-07 Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures. The guidance in ASU 2023-07 seeks to improve reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses. The amendments in this ASU require a public entity to disclose the following: significant segment expenses that are regularly provided to the chief operating decision maker ("CODM") and included within each reported measure of segment profit or loss; an amount for other segment items by reportable segment and a description of its composition; and the title and position of the CODM and how the CODM uses the reported measure(s) of segment profit or loss in assessing segment performance and deciding how to allocate resources. This ASU requires public entities to provide all annual disclosures about a reportable segment's profit or loss and assets currently required by Topic 280 in interim periods. ASU 2023-07 clarifies that if the CODM uses more than one measure of a segment's profit or loss in assessing segment performance and deciding how to allocate resources, a public entity may report one or more of those additional measures of segment profit. ASU 2023-07 is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. Early adoption is permitted. ASU 2023-07 is a requirement for additional disclosure and is not expected to materially impact the consolidated financial statements.

**CARPENTER TECHNOLOGY CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

*Recently Issued Accounting Pronouncements - Adopted*

In November 2021, the FASB issued ASU 2021-10 Government Assistance (Topic 832): Disclosures by Business Entities about Government Assistance. The amendments in ASU 2021-10 require the following annual disclosures about transactions with a government that are accounted for by applying a grant or contribution accounting model by analogy: information about the nature of the transactions and the related accounting policy used to account for the transactions; the line items on the balance sheet and income statement that are affected by the transactions, and the amounts applicable to each financial statement line item; significant terms and conditions of the transactions, including commitments and contingencies. ASU 2021-10 is effective for public business entities for annual periods, including interim periods within those annual periods, beginning after December 15, 2021, with early adoption permitted. The Company adopted the provisions of ASU 2021-10 in the fourth quarter of fiscal year 2022. ASU 2021-10 is a requirement for additional disclosure and it did not materially impact the consolidated financial statements.

In March 2020, the FASB issued ASU 2020-04 Reference Rate Reform (Topic 848). The guidance in ASU 2020-04 provides optional expedients and exceptions for applying U.S. GAAP to contracts, hedging relationships, and other transactions affected by reference rate reform, if certain criteria are met. The amendments apply only to contracts and hedging relationships that reference LIBOR or another reference rate expected to be discontinued due to reference rate reform. These amendments became effective immediately and may be applied prospectively to contract modifications made and hedging relationships entered into or evaluated on or before December 31, 2022. In December 2022, the FASB issued ASU 2022-06 for Topic 848 which extended the application of optional expedients and exceptions from ASU 2020-04 to June 30, 2023. The Company's Prior Credit Agreement, in place as of March 31, 2023, referenced LIBOR in certain borrowing situations. The Credit Facility was entered into on April 14, 2023 and replaced LIBOR with the Secured Oversight Financing Rate ("SOFR"). Through March 31, 2023, the Company had not experienced any unintended outcomes or consequences of reference rate reform that would have required the adoption of this guidance. The adoption of ASU 2022-06 did not materially impact the consolidated financial statements.

In December 2019, the FASB issued ASU 2019-12 Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes. The guidance removes certain exceptions to the general principles related to the approach for intraperiod tax allocation, the methodology for calculating income taxes in an interim period when a year-to-date loss exceeds the anticipated loss for the year, and recognition of deferred tax liabilities for outside basis differences. The new standard also simplifies the accounting for franchise taxes and enacted changes in tax laws or rates and clarifies the accounting for transactions that result in a step-up in the basis of goodwill. ASU 2019-12 is effective for public business entities for annual periods, including interim periods within those annual periods, beginning after December 15, 2020, with early adoption permitted. The Company adopted the provisions of ASU 2019-12 in the first quarter of fiscal year 2022. Adoption of the other provisions in ASU 2019-12 did not materially impact the consolidated financial statements.

#### **4. Revenue**

The Company recognizes revenue in accordance with Topic 606, Revenue from Contracts. The Company applies the five-step model in the FASB's guidance, which requires the Company to: (i) identify the contract with a customer; (ii) identify the performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations in the contract; and (v) recognize revenue when, or as, the Company satisfies a performance obligation.

The Company recognizes revenue when performance obligations under the terms of a customer purchase order or contract are satisfied. This occurs when control of the goods and services has transferred to the customer, which is generally determined when title, ownership and risk of loss pass to the customer, all of which occurs upon shipment or delivery of the product or the service is performed. Consignment transactions are arrangements where the Company transfers product to a customer location but retains ownership and control of such product until it is used by the customer. Revenue for consignment arrangements is recognized upon usage by the customer. Service revenue is recognized as the services are performed.

The customer purchase order or contract for goods transferred has a single performance obligation for which revenue is recognized at a point in time. The standard terms and conditions of a customer purchase order include general rights of return and product warranty provisions related to nonconforming product. Depending on the circumstances, the product is either replaced or a quality adjustment is issued. Such warranties do not represent a separate performance obligation.

**CARPENTER TECHNOLOGY CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

Each customer purchase order or contract sets forth the transaction price for the products and services purchased under that arrangement. Some customer arrangements include variable consideration, such as volume rebates, which generally depend upon the Company's customers meeting specified performance criteria, such as a purchasing level over a period of time. The Company exercises judgment to estimate the most likely amount of variable consideration at each reporting date.

Revenue is measured as the amount of consideration the Company expects to receive in exchange for its product. The normal payment terms are 30 days. The Company has elected to use the practical expedient that permits a Company to not adjust for the effects of a significant financing component if it expects that at the contract inception, the period between when the Company transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less.

Amounts billed to customers for shipping and handling activities to fulfill the Company's promise to transfer the goods are included in revenues and costs incurred by the Company for the delivery of goods are classified as cost of sales in the consolidated statements of operations. Shipping terms may vary for products shipped outside the United States depending on the mode of transportation, the country where the material is shipped and any agreements made with the customers.

Contract liabilities are recognized when the Company has received consideration from a customer to transfer goods or services at a future point in time when the Company performs under the purchase order or contract. Contract liabilities were \$12.3 million and \$14.0 million at June 30, 2024 and 2023, respectively, and are included in accrued liabilities on the consolidated balance sheets. Revenue recognized for the fiscal years ended June 30, 2024, 2023 and 2022 from amounts included in contract liabilities at the beginning of the period was not significant and substantially all of our contract liabilities are recognized within a twelve-month period.

The Company elected the practical expedient that permits the omission of disclosure for remaining performance obligations which are expected to be satisfied in one year or less.

***Disaggregation of Revenue***

The Company operates in two business segments, Specialty Alloys Operations and Performance Engineered Products. Revenue is disaggregated within these two business segments by diversified end-use markets and by geographical locations. Comparative information of the Company's overall revenues by end-use markets and geographic locations for fiscal years ended June 30, 2024, 2023 and 2022 were as follows:

End-Use Market (\$ in millions)	Year Ended June 30, 2024			
	SAO	PEP	Intersegment	Total
Aerospace and Defense	\$ 1,449.9	\$ 111.1	\$ (22.2)	\$ 1,538.8
Medical	282.4	144.9	(51.7)	375.6
Transportation	141.3	8.2	(0.4)	149.1
Energy	177.2	8.6	—	185.8
Industrial and Consumer	393.0	40.3	(18.0)	415.3
Distribution	—	97.9	(2.8)	95.1
<b>Total net sales</b>	<b>\$ 2,443.8</b>	<b>\$ 411.0</b>	<b>\$ (95.1)</b>	<b>\$ 2,759.7</b>

**CARPENTER TECHNOLOGY CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

End-Use Market (\$ in millions)	Year Ended June 30, 2023			
	SAO	PEP	Intersegment	Total
Aerospace and Defense	\$ 1,214.6	\$ 108.0	\$ (31.9)	\$ 1,290.7
Medical	213.8	123.4	(35.6)	301.6
Transportation	178.5	7.5	(1.0)	185.0
Energy	151.6	11.6	0.1	163.3
Industrial and Consumer	455.1	60.6	(28.5)	487.2
Distribution	—	122.6	(0.1)	122.5
Total net sales	\$ 2,213.6	\$ 433.7	\$ (97.0)	\$ 2,550.3

End-Use Market (\$ in millions)	Year Ended June 30, 2022			
	SAO	PEP	Intersegment	Total
Aerospace and Defense	\$ 739.3	\$ 76.7	\$ (25.8)	\$ 790.2
Medical	155.1	79.9	(22.7)	212.3
Transportation	173.4	5.2	(0.3)	178.3
Energy	104.8	8.1	0.1	113.0
Industrial and Consumer	393.0	49.1	(24.9)	417.2
Distribution	—	125.5	(0.2)	125.3
Total net sales	\$ 1,565.6	\$ 344.5	\$ (73.8)	\$ 1,836.3

Geographic Location (\$ in millions)	Year Ended June 30, 2024			
	SAO	PEP	Intersegment	Total
United States	\$ 1,418.5	\$ 234.4	\$ (29.9)	\$ 1,623.0
Europe	449.2	75.5	(20.9)	503.8
Asia Pacific	389.4	46.2	(44.3)	391.3
Mexico	86.0	34.1	—	120.1
Canada	56.9	13.2	—	70.1
Other	43.8	7.6	—	51.4
Total net sales	\$ 2,443.8	\$ 411.0	\$ (95.1)	\$ 2,759.7

Geographic Location (\$ in millions)	Year Ended June 30, 2023			
	SAO	PEP	Intersegment	Total
United States	\$ 1,350.7	\$ 242.3	\$ (36.8)	\$ 1,556.2
Europe	373.6	81.4	(17.7)	437.3
Asia Pacific	317.4	44.5	(42.4)	319.5
Mexico	83.7	40.3	—	124.0
Canada	44.1	16.0	—	60.1
Other	44.1	9.2	(0.1)	53.2
Total net sales	\$ 2,213.6	\$ 433.7	\$ (97.0)	\$ 2,550.3

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Geographic Location (\$ in millions)	Year Ended June 30, 2022			
	SAO	PEP	Intersegment	Total
United States	\$ 1,018.6	\$ 191.1	\$ (29.8)	\$ 1,179.9
Europe	208.5	58.0	(13.0)	253.5
Asia Pacific	231.8	33.1	(31.0)	233.9
Mexico	44.2	45.2	—	89.4
Canada	29.6	11.9	—	41.5
Other	32.9	5.2	—	38.1
Total net sales	\$ 1,565.6	\$ 344.5	\$ (73.8)	\$ 1,836.3

## 5. Earnings (Loss) per Common Share

The Company calculates basic and diluted earnings (loss) per share using the two class method. Under the two class method, earnings (loss) are allocated to common stock and participating securities (non-vested restricted shares and units that receive non-forfeitable dividends) according to their participation rights in dividends and undistributed earnings. The earnings (loss) available to each class of stock are divided by the weighted average number of outstanding shares for the period in each class. Diluted earnings (loss) per share assumes the issuance of common stock for all potentially dilutive share equivalents outstanding. For the year ended June 30, 2022, the Company incurred a net loss and accordingly excluded all potentially dilutive securities from the determination of diluted loss per share as their impact was anti-dilutive.

The calculations of basic and diluted earnings (loss) per common share for the years ended June 30, 2024, 2023 and 2022 were as follows:

(in millions, except per share data)	Years Ended June 30,		
	2024	2023	2022
Net income (loss)	\$ 186.5	\$ 56.4	\$ (49.1)
Dividends allocated to participating securities	(0.3)	(0.4)	(0.1)
Earnings (loss) available for common stockholders used in calculation of basic earnings (loss) per common share	\$ 186.2	\$ 56.0	\$ (49.2)
Weighted average number of common shares outstanding, basic	49.7	48.8	48.5
Basic earnings (loss) per common share	\$ 3.75	\$ 1.15	\$ (1.01)
Net income (loss)	\$ 186.5	\$ 56.4	\$ (49.1)
Dividends allocated to participating securities	(0.3)	(0.4)	(0.1)
Earnings (loss) available for common stockholders used in calculation of diluted earnings (loss) per common share	\$ 186.2	\$ 56.0	\$ (49.2)
Weighted average number of common shares outstanding, basic	49.7	48.8	48.5
Effect of shares issuable under share-based compensation plans	0.6	0.4	—
Weighted average number of common shares outstanding, diluted	50.3	49.2	48.5
Diluted earnings (loss) per common share	\$ 3.70	\$ 1.14	\$ (1.01)

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The following awards issued under share-based compensation plans were excluded from the calculations of diluted earnings per share above because their effects were anti-dilutive:

(in millions)	Years Ended June 30,		
	2024	2023	2022
Stock options	—	0.7	1.9

## 6. Inventories

Inventories consisted of the following components at June 30, 2024 and 2023:

(\$ in millions)	June 30,	
	2024	2023
Raw materials and supplies	\$ 164.0	\$ 157.7
Work in process	430.5	370.1
Finished and purchased products	140.9	111.9
Total inventories	\$ 735.4	\$ 639.7

Inventories are valued at the lower of cost or market for those inventories determined by the LIFO method. The Company values other inventory at the lower of cost or net realizable value, determined by the FIFO and average cost methods. If the FIFO method of inventory had been used instead of the LIFO method, inventories would have been \$371.0 million and \$517.2 million higher as of June 30, 2024 and 2023, respectively. Current cost of LIFO-valued inventories was \$954.2 million at June 30, 2024, and \$1,023.7 million at June 30, 2023. There was no impact to cost of sales, net income or earnings per share from changes in LIFO-valued inventories during fiscal years 2024 or 2023. In addition, there were no inventory impairments recorded in fiscal years 2024 and 2023.

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**7. Property, Plant, Equipment and Software, net**

Property, plant, equipment and software, net consisted of the following components at June 30, 2024 and 2023:

(\$ in millions)	June 30,	
	2024	2023
Land	\$ 40.6	\$ 40.0
Buildings and building equipment	562.7	555.5
Machinery and equipment	2,454.4	2,391.1
Capitalized software	225.3	220.5
Construction in progress	68.2	92.7
Total at cost	3,351.2	3,299.8
Less: accumulated depreciation and amortization	2,016.0	1,916.0
Total property, plant, equipment and software, net	<u>\$ 1,335.2</u>	<u>\$ 1,383.8</u>

The estimated useful lives of depreciable assets are as follows:

Asset Category	Useful Life (in Years)
Buildings and building equipment	10 – 45
Machinery and equipment	3 – 30
Capitalized software	3 – 15

Depreciation for the years ended June 30, 2024, 2023 and 2022 was \$111.8 million, \$107.9 million and \$107.6 million, respectively. Amortization related to capitalized software amounted to \$16.3 million, \$16.3 million and \$16.9 million for the years ended June 30, 2024, 2023 and 2022, respectively. As a result of the actions taken to streamline operations in the Carpenter Additive business, the Company announced the planned closure of the Carpenter Additive operations in the United Kingdom. As a result, the Company recorded impairment charges of \$8.8 million related to property, plant, equipment and software during fiscal year 2024.

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**8. Goodwill and Other Intangible Assets, Net**

*Goodwill*

Goodwill is not amortized but instead is tested at least annually for impairment as of June 1, or more frequently if events or circumstances indicate that the carrying amount of goodwill may be impaired. Potential impairment is identified by comparing the fair value of a reporting unit to its carrying value. If the carrying value of the reporting unit exceeds its fair value, any impairment loss is measured by the difference between the carrying value of the reporting unit and its fair value, not to exceed the carrying amount of goodwill. The discounted cash flow analysis for each reporting unit tested requires significant estimates and assumptions related to cash flow forecasts, discount rates, terminal values and income tax rates. The cash flow forecasts include significant judgments and assumptions related to revenue growth rates, which include perpetual growth rates, gross margin and weighted average cost of capital. The cash flow forecasts are developed based on assumptions about each reporting unit's markets, product offerings, pricing, capital expenditure and working capital requirements as well as cost performance.

As of June 30, 2024, the Company has two reporting units with goodwill recorded. Goodwill associated with the SAO reporting unit as of June 30, 2024, was \$195.5 million and represents 86 percent of total goodwill. The remaining goodwill of \$31.8 million is associated with the Dynamet reporting unit in the PEP segment. The fair value is estimated using a weighting of discounted cash flows and the use of market multiples valuation techniques for the SAO reporting unit and the Dynamet reporting unit.

In preparing the financial statements for the quarter ended March 31, 2024, the Company identified an impairment triggering event in the Latrobe Distribution reporting unit within the PEP segment related to a decline in customer ordering patterns. This combined with market headwinds due to general industrial macroeconomic conditions including rising interest rates has contributed to lower sales and profit margins compared to the established annual operation plan for fiscal year 2024. Despite efforts of the Company to mitigate the market challenges, results did not improve for the Latrobe Distribution reporting unit during the quarter ended March 31, 2024. In light of these market conditions at the time, the pace of growth in the future projections for the Latrobe Distribution reporting unit were lowered.

The Company determined the goodwill associated with the Latrobe Distribution reporting unit was impaired and recorded an impairment charge of \$14.1 million during the quarter ended March 31, 2024, which represented the entire balance of goodwill. The fair value was estimated using a weighting of discounted cash flows and the use of market multiples valuation techniques.

Goodwill associated with the SAO reporting unit is tested at the SAO segment level. As of June 1, 2024, the fair value of the SAO reporting unit exceeded the carrying value by 203 percent. The discounted cash flows analysis for the SAO reporting unit includes assumptions related to our ability to increase volume, improve mix, expand product offerings and continue to implement opportunities to reduce costs over the next several years. For purposes of the discounted cash flow analysis for SAO's fair value, a weighted average cost capital of 9.5 percent and a terminal growth rate assumption of 2.5 percent were used. If the long-term growth rate for this reporting unit had been hypothetically reduced by 0.5 percent at June 1, 2024, the SAO reporting unit would have a fair value that exceeded the carrying value by approximately 196 percent.

Goodwill associated with the PEP segment is tested at the Dynamet reporting unit level. As of June 1, 2024, the fair value of the Dynamet reporting unit exceeded the carrying value by 144 percent. For purposes of the discounted cash flow analysis for Dynamet's fair value, a weighted average cost capital of 11.0 percent and a terminal growth rate assumption of 2.5 percent were used. If the long-term growth rate for this reporting unit had been hypothetically reduced by 0.5 percent at June 1, 2024, the Dynamet reporting unit would have a fair value that exceeded the carrying value by approximately 140 percent.

The Company continuously monitors for events and circumstances that could negatively impact the key assumptions in determining fair value of the reporting units.

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Accumulated goodwill impairment losses of \$148.7 million are related solely to the PEP segment. The changes in the carrying amount of goodwill by reportable segment for fiscal years 2024 and 2023 were as follows:

(\$ in millions)	June 30,			
	2022	2023	Impairment	2024
Goodwill	\$ 376.0	\$ 376.0	\$ —	\$ 376.0
Accumulated impairment losses	(134.6)	(134.6)	(14.1)	(148.7)
Total goodwill	<u>\$ 241.4</u>	<u>\$ 241.4</u>	<u>\$ (14.1)</u>	<u>\$ 227.3</u>
Specialty Alloys Operations	\$ 195.5	\$ 195.5	\$ —	\$ 195.5
Performance Engineered Products	45.9	45.9	(14.1)	31.8
Total goodwill	<u>\$ 241.4</u>	<u>\$ 241.4</u>	<u>\$ (14.1)</u>	<u>\$ 227.3</u>

***Other Intangible Assets, Net***

Other intangible assets, net consisted of the following as of June 30, 2024 and 2023:

(\$ in millions)	Useful Life (in Years)	June 30, 2024			June 30, 2023		
		Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Trademarks and trade names	30	\$ 29.9	\$ (27.3)	\$ 2.6	\$ 29.9	\$ (26.3)	\$ 3.6
Customer relationships	15	70.8	(58.2)	12.6	70.8	(53.5)	17.3
Technology	11	—	—	—	3.6	(3.5)	0.1
Patents	15	—	—	—	11.4	(3.7)	7.7
Total other intangibles		<u>\$ 100.7</u>	<u>\$ (85.5)</u>	<u>\$ 15.2</u>	<u>\$ 115.7</u>	<u>\$ (87.0)</u>	<u>\$ 28.7</u>

The Company recorded \$6.5 million of amortization expense related to intangible assets during fiscal year 2024, \$6.8 million during fiscal year 2023 and \$6.9 million during fiscal year 2022. The estimated annual amortization expense related to intangible assets for each of the succeeding four fiscal years is \$5.7 million in fiscal years 2025 and 2026, \$3.8 million in fiscal year 2027 and \$0.0 million in fiscal year 2028.

As a result of the actions taken to streamline operations in the Carpenter Additive business, the Company announced the planned closure of the Carpenter Additive operations in the United Kingdom. As a result, the Company recorded an impairment charge of \$7.0 million related to a certain definite lived intangible asset during fiscal year 2024. There is no remaining carrying value for this asset as of June 30, 2024.

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**9. Accrued Liabilities**

Accrued liabilities consisted of the following as of June 30, 2024 and 2023:

(\$ in millions)	June 30,	
	2024	2023
Accrued compensation and benefits	\$ 121.6	\$ 92.4
Accrued interest expense	18.5	18.5
Accrued postretirement benefits	15.4	16.1
Contract liabilities	12.3	14.0
Current portion of lease liabilities	8.8	9.1
Accrued taxes	4.2	4.9
Derivative financial instruments	3.6	6.4
Accrued pension liabilities	3.3	3.3
Accrued income taxes	1.0	2.5
Other	13.7	14.1
<b>Total accrued liabilities</b>	<b>\$ 202.4</b>	<b>\$ 181.3</b>

**10. Debt**

On April 14, 2023, the Company entered into a Second Amended and Restated Credit Agreement with Bank of America, N.A., as administrative agent, swing line lender and letter of credit issuer and the other lenders, agents and arrangers party thereto (the "Credit Facility"). The Credit Facility amended and restated the Company's then existing Amended and Restated Credit Agreement dated as of March 26, 2021 which had been set to expire on March 31, 2024. The Second Amendment extends the maturity to April 12, 2028.

The Credit Facility is a secured revolving credit facility with a commitment of \$350.0 million subject to the right, from time to time, to request an increase of the commitment by the greater of (i) \$300.0 million or (ii) an amount equal to the consolidated EBITDA; and provides for the issuance of letters of credit subject to a \$40.0 million sub-limit. The Company has the right to voluntarily prepay and re-borrow loans, to terminate or reduce the commitments under the Credit Facility, and, subject to certain lender approvals, to join subsidiaries as subsidiary borrowers.

As of June 30, 2024, the Company had \$1.2 million of issued letters of credit under the Credit Facility and no short-term borrowings, with the balance of \$348.8 million available to the Company.

Interest on the borrowings under the Credit Facility accrue at variable rates which are determined based upon the Company's consolidated total leverage ratio. The applicable margin to be added to Alternative Currency Daily Rate, Alternative Currency Term Rate and Term SOFR determined loans ranges from 1.75% to 2.50% (1.75% as of June 30, 2024), and for Base Rate-determined loans, from 0.75% to 1.50% (0.75% as of June 30, 2024). The Company also pays a quarterly commitment fee ranging from 0.250% to 0.375% (0.250% as of June 30, 2024), determined based upon the consolidated total leverage ratio, of the unused portion of the commitment under the Credit Facility. In addition, the Company must pay certain letter of credit fees, ranging from 1.75% to 2.50% (1.75% as of June 30, 2024), with respect to letters of credit issued under the Credit Facility. As of June 30, 2024, the borrowing rate for the Credit Facility was 7.09%, however the Company had no short-term borrowings.

The Company is subject to certain financial and restrictive covenants under the Credit Facility which requires the maintenance of a minimum interest coverage ratio of 3.00 to 1.00 and a consolidated net leverage ratio of no more than 4.00 to 1.00. The restrictions of these covenants (other than the financial ratio covenants) are subject to certain exceptions or thresholds triggering amounts or events specified in the Credit Facility, and in some cases the restrictions may be waived by the lenders. As of June 30, 2024, the Company was in compliance with all of the covenants of the Credit Facility.

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Long-term debt outstanding at June 30, 2024 and 2023 consisted of the following:

(\$ in millions)	June 30,	
	2024	2023
Senior unsecured notes, 6.375% due July 2028 (face value of \$400.0 million at June 30, 2024 and 2023)	\$ 397.2	\$ 396.5
Senior unsecured notes, 7.625% due March 2030 (face value of \$300.0 million at June 30, 2024 and 2023)	297.0	296.5
Total debt	694.2	693.0
Less: amounts due within one year	—	—
Long-term debt, net of current portion	\$ 694.2	\$ 693.0

Aggregate maturities of long-term debt for the five fiscal years subsequent to June 30, 2024, are \$0.0 million for fiscal years 2025 through 2028 and \$400.0 million in fiscal year 2029.

For the years ended June 30, 2024, 2023 and 2022, interest costs totaled \$52.6 million, \$55.6 million and \$45.7 million, respectively, of which \$1.6 million, \$1.5 million and \$0.8 million, respectively, were capitalized as part of the cost of property, plant, equipment and software. The decrease in interest expense for the fiscal year ended June 30, 2024, as compared to the fiscal year ended June 30, 2023, is largely due to decreased short-term borrowing activity under the Company's Credit Facility. Debt extinguishment losses, net for the fiscal years ended June 30, 2024 and June 30, 2023 were \$0.0 million and \$0.0 million, respectively. Debt extinguishment losses, net for the fiscal year ended June 30, 2022 were \$6.0 million.

#### **11. Pension and Other Postretirement Benefits**

The Company provides several noncontributory defined benefit pension plans to certain employees. The plans provide defined benefits based on years of service and final average salary.

The Company also provides other postretirement benefit plans to certain of its employees. The postretirement benefit plans consist of health care and life insurance plans. Plan assets are maintained in a Voluntary Employee Benefit Association ("VEBA") Trust. During fiscal years 2024 and 2023, the Company funded benefit payments using assets in the VEBA Trust.

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The following provides a reconciliation of benefit obligations, plan assets and funded status of the plans:

(\$ in millions)	Pension Plans		Other Postretirement Plans	
	2024	2023	2024	2023
Change in projected benefit obligation:				
Projected benefit obligation at beginning of year	\$ 848.2	\$ 959.4	\$ 182.3	\$ 206.2
Service cost	8.2	8.1	1.5	1.8
Interest cost	43.7	46.2	10.2	10.0
Benefits paid	(68.8)	(77.5)	(12.3)	(13.5)
Actuarial gain	(2.3)	(65.3)	(8.9)	(22.2)
Plan settlements	(147.2)	(23.3)	—	—
Other	0.9	0.6	—	—
Projected benefit obligation at end of year	682.7	848.2	172.8	182.3
Change in plan assets:				
Fair value of plan assets at beginning of year	654.8	759.4	120.4	114.7
Actual return	18.5	(7.4)	25.6	15.9
Benefits paid	(68.8)	(77.5)	(12.3)	(13.5)
Contributions	14.5	3.6	2.6	3.3
Plan settlements	(147.2)	(23.3)	—	—
Fair value of plan assets at end of year	471.8	654.8	136.3	120.4
Funded status of the plans	\$ (210.9)	\$ (193.4)	\$ (36.5)	\$ (61.9)

Amounts recognized in the consolidated balance sheets:

Accrued liabilities - current	(3.3)	(3.3)	(15.4)	(16.1)
Accrued pension liabilities - noncurrent	(207.6)	(190.1)	—	—
Accrued postretirement benefits - noncurrent	—	—	(21.1)	(45.8)
Funded status of the plans	\$ (210.9)	\$ (193.4)	\$ (36.5)	\$ (61.9)

(\$ in millions)	Pension Plans		Other Postretirement Plans	
	2024	2023	2024	2023
Amounts recognized in accumulated other comprehensive loss:				
Net actuarial loss (gain)	\$ 215.4	\$ 260.3	\$ (64.3)	\$ (39.7)
Prior service cost (benefit)	4.2	5.8	1.5	(2.4)
Total	\$ 219.6	\$ 266.1	\$ (62.8)	\$ (42.1)
Other changes in plan assets and benefit obligations recognized in other comprehensive income consist of:				
Net actuarial loss (gain)	\$ 15.5	\$ (12.5)	\$ (27.2)	\$ (31.2)
Amortization of net (loss) gain	(8.0)	(9.5)	2.5	1.8
Amortization of prior service (cost) benefit	(2.1)	(2.1)	3.9	3.9
Settlement charge	(51.9)	—	—	—
Total, before tax effect	\$ (46.5)	\$ (24.1)	\$ (20.8)	\$ (25.5)
Additional information:				
Accumulated benefit obligation for all pension plans	\$ 678.5	\$ 843.8	N/A	N/A

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For the year ended June 30, 2024, actuarial gains in pension plans were impacted by a change in discount rate of \$5.4 million partially offset by a change in plan experience of \$3.1 million. Actuarial gains in other postretirement plans were impacted by a change in discount rate of \$2.1 million and a change in plan experience of \$4.9 million. For the year ended June 30, 2023, actuarial gains in pension plans were significantly impacted by a change in discount rate of \$70.9 million partially offset by a change in plan experience of \$9.2 million. Actuarial gains in other postretirement plans were significantly impacted by a change in discount rate of \$13.8 million.

The following is additional information related to plans with projected benefit obligations in excess of plan assets as of June 30, 2024 and 2023:

(\$ in millions)	Pension Plans		Other Postretirement Plans	
	2024	2023	2024	2023
Projected benefit obligation	\$ 682.7	\$ 848.2	\$ 172.8	\$ 182.3
Fair value of plan assets	\$ 471.8	\$ 654.8	\$ 136.3	\$ 120.4

The following additional information is for plans with accumulated benefit obligations in excess of plan assets as of June 30, 2024 and 2023:

(\$ in millions)	Pension Plans		Other Postretirement Plans	
	2024	2023	2024	2023
Accumulated benefit obligation	\$ 678.5	\$ 843.8	\$ 172.8	\$ 182.3
Fair value of plan assets	\$ 471.8	\$ 654.8	\$ 136.3	\$ 120.4

The components of the net periodic pension expense (income) related to the Company's pension and other postretirement benefits for the years ended June 30, 2024, 2023 and 2022 are as follows:

(\$ in millions)	Pension Plans			Other Postretirement Plans		
	2024	2023	2022	2024	2023	2022
Service cost	\$ 8.2	\$ 8.1	\$ 8.6	\$ 1.5	\$ 1.8	\$ 2.4
Interest cost	43.7	46.2	36.6	10.2	10.0	7.4
Expected return on plan assets	(35.9)	(45.3)	(59.9)	(7.3)	(6.8)	(8.2)
Amortization of net loss (gain)	8.0	9.5	8.4	(2.5)	(1.8)	(0.8)
Amortization of prior service cost (benefit)	2.1	2.1	2.1	(3.9)	(3.9)	(3.9)
Settlement charge	51.9	—	—	—	—	—
Net pension expense (income)	\$ 78.0	\$ 20.6	\$ (4.2)	\$ (2.0)	\$ (0.7)	\$ (3.1)

The service cost component of the Company's net pension expense (income), which represents the estimated cost of future pension liabilities earned associated with active employees, is included in the operating income (loss) of the business segments. The residual net pension expense (income), which is comprised of the expected return on plan assets, interest costs on the projected benefit obligations of the plans, and amortization of actuarial gains and losses and prior service costs and benefits, is presented within other expense (income), net. See Note 18 to our consolidated financial statements included in Item 8. "Financial Statements and Supplementary Data."

During the fiscal year ended June 30, 2024, the Company executed a buy-out annuity transaction for the Company's largest defined benefit plan. The Company determined that the annuity settlement and lump-sum payments exceeded the threshold of service cost and interest cost components and therefore settlement accounting was required. As a result, the Company recorded a settlement charge of \$51.9 million in the year ended June 30, 2024 within other expense (income), net.

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Weighted-average assumptions used to determine benefit obligations at fiscal year end	Pension Plans		Other Postretirement Plans	
	2024	2023	2024	2023
Discount rate	5.98 %	5.85 %	6.03 %	5.87 %
Rate of compensation increase	3.33 %	3.28 %	N/A	N/A

Weighted-average assumptions used to determine net periodic benefit cost for the fiscal year	Pension Plans			Other Postretirement Plans		
	2024	2023	2022	2024	2023	2022
Discount rate	5.89 %	5.01 %	3.06 %	5.87 %	5.02 %	3.04 %
Expected long-term rate of return on plan assets	6.50 %	6.25 %	6.22 %	6.50 %	6.25 %	6.25 %
Long-term rate of compensation increase	3.28 %	3.28 %	3.29 %	N/A	N/A	N/A

The following table shows the expected health care rate increase and the future rate and time at which it is expected to remain constant:

	June 30,	
	2024	2023
Assumed health care cost trend rate	6.50 %	6.25 %
Rate to which the cost trend rate is assumed to decline and remain (the ultimate trend rate)	5.00 %	5.00 %
Year that the rate reaches the ultimate trend rate	2031	2028

Amounts in other accumulated comprehensive loss (gain) that are expected to be recognized as components of net periodic benefit cost in the fiscal year ended June 30, 2025, are:

(\$ in millions)	Pension Plans	Other Postretirement Plans	Total
Amortization of prior service cost (benefit)	\$ 2.1	\$ 1.2	\$ 3.3
Amortization of net actuarial loss (gain)	7.3	(5.6)	1.7
Amortization of accumulated other comprehensive loss (gain)	\$ 9.4	\$ (4.4)	\$ 5.0

The Company's U.S. pension plans' weighted-average asset allocations at June 30, 2024 and 2023, by asset category are as follows:

	2024	2023
Equity securities	42.4 %	43.8 %
Fixed income securities	31.6	36.5
Real assets securities	26.0	19.7
Total	100.0 %	100.0 %

The Company's policy for developing a pension plan investment strategy includes the periodic development of an asset and liability study by an independent investment consultant. Management considers this study in establishing an asset allocation that is presented to and approved by the Company's Retirement Committee.

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Based on the current funding level, the benchmark allocation policy for the Company's largest pension plan assets is to have approximately 75 percent in return seeking assets and 25 percent in liability-hedging assets. Return seeking assets include global equities, diversified credit and real assets. Liability-hedging assets include bond funds and cash. When the funding level of the plan reaches 95 percent and improves to fully or over-funded status in increments of 5 percent, assets will be shifted from return seeking to liability-hedging assets in accordance with the glidepath policy outlined in the pension plan's Investment Policy Statement. The assets related to the Company's other postretirement benefit plans were invested in approximately 95 percent U.S. equities and 5 percent short-term investments as of June 30, 2024. Management establishes the expected long-term rate of return assumption by reviewing historical trends and analyzing the current and projected market conditions in relation to the plan's asset allocation and risk management objectives. In determining the expected long-term rate of return, the Company considered historical returns for individual asset classes and the impact of active portfolio management.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. Investments in domestic and international equities are generally valued at the closing price reported on the active market on which they are traded. Commingled funds, limited partnerships and mutual funds are valued based on the net asset value ("NAV") established for the fund at each valuation date. The NAV is based on the value of the underlying assets owned by the fund, minus its liabilities, and then divided by the number of units/shares outstanding. Corporate and government agency bonds and other fixed income securities are valued using closing bid prices on an active market when possible, otherwise using evaluated bid prices.

The fair values of the Company's pension plan assets as of June 30, 2024 and 2023, by asset category and by the levels of inputs used to determine fair value were as follows:

June 30, 2024						
(\$ in millions)	Fair Value Measurements Using Input Type		Net Asset Value	Total		
	Level 1	Level 2				
Short-term investments	\$ 7.2	\$ —	\$ —	\$ 7.2		
Commingled trust funds	—	—	464.1	464.1		
Mortgage/asset backed securities and other	—	0.5	—	0.5		
Fair value of plan assets at end of year	<u>\$ 7.2</u>	<u>\$ 0.5</u>	<u>\$ 464.1</u>	<u>\$ 471.8</u>		

June 30, 2023						
(\$ in millions)	Fair Value Measurements Using Input Type		Net Asset Value	Total		
	Level 1	Level 2				
Short-term investments	\$ 6.7	\$ —	\$ —	\$ 6.7		
Commingled trust funds	—	—	646.8	646.8		
Mortgage/asset backed securities and other	—	1.3	—	1.3		
Fair value of plan assets at end of year	<u>\$ 6.7</u>	<u>\$ 1.3</u>	<u>\$ 646.8</u>	<u>\$ 654.8</u>		

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The fair values of the Company's other postretirement benefit plans as of June 30, 2024 and 2023, by asset category and by the level of inputs used to determine fair value, were as follows:

(\$ in millions)	June 30, 2024			
	Fair Value Measurements Using Input Type		Net Asset Value	Total
	Level 1	Level 2		
Commingled trust fund	\$ —	\$ —	\$ 129.7	\$ 129.7
Short-term investments	6.6	—	—	6.6
Fair value of plan assets at end of year	<u>\$ 6.6</u>	<u>\$ —</u>	<u>\$ 129.7</u>	<u>\$ 136.3</u>

(\$ in millions)	June 30, 2023			
	Fair Value Measurements Using Input Type		Net Asset Value	Total
	Level 1	Level 2		
Commingled trust fund	\$ —	\$ —	\$ 110.1	\$ 110.1
Short-term investments	10.3	—	—	10.3
Fair value of plan assets at end of year	<u>\$ 10.3</u>	<u>\$ —</u>	<u>\$ 110.1</u>	<u>\$ 120.4</u>

***Cash Flows — Employer Contributions***

The Company made contributions to the qualified defined benefit pension plans of \$11.3 million, \$0.0 million and \$0.7 million during fiscal years 2024, 2023 and 2022, respectively. The Company currently expects to make \$26.3 million of required cash pension contributions to the domestic qualified defined benefit pension plans during fiscal year 2025. During the fiscal years ended June 30, 2024, 2023 and 2022, the Company made contributions of \$3.2 million, \$3.6 million and \$3.1 million, respectively, to other non-qualified pension plans.

***Estimated Future Benefit Payments***

Pension benefits are currently paid from plan assets and other benefits are currently paid from both corporate assets and the VEBA trust. The benefit payments below, which reflect expected future service, as appropriate, are expected to be paid by fiscal year as follows:

(\$ in millions)	Pension Benefits	Other Benefits
2025	\$ 63.4	\$ 15.4
2026	\$ 61.3	\$ 15.4
2027	\$ 60.3	\$ 15.2
2028	\$ 58.7	\$ 15.0
2029	\$ 57.3	\$ 14.8
2030-2034	\$ 264.9	\$ 69.6

***Other Benefit Plans***

The Company also maintains defined contribution retirement and savings plans for substantially all domestic employees. Company contributions to the plans were \$26.5 million in fiscal year 2024, \$23.3 million in fiscal year 2023 and \$21.0 million in fiscal year 2022.

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**12. Contingencies and Commitments**

*Environmental*

The Company is subject to various federal, state, local and international environmental laws and regulations relating to pollution, protection of public health and the environment, natural resource damages and occupational safety and health. Although compliance with these laws and regulations may affect the costs of the Company's operations, compliance costs to date have not been material. The Company has environmental remediation liabilities at some of its owned operating facilities and has been designated as a PRP with respect to certain third party Superfund waste-disposal sites and other third party-owned sites. The Company accrues amounts for environmental remediation costs that represent management's best estimate of the probable and reasonably estimable future costs related to environmental remediation.

During fiscal year 2024 the Company increased the liability for environmental remediation costs by \$0.8 million. During fiscal year 2023, the Company decreased the liability for environmental remediation costs by \$1.8 million. The liabilities recorded for environmental remediation costs at Superfund sites, other third party-owned sites and Carpenter-owned current or former operating facilities remaining at June 30, 2024 and 2023 were \$17.3 million and \$16.5 million, respectively. Additionally, the Company has been notified that it may be a PRP with respect to other Superfund sites as to which no proceedings have been instituted against the Company. Neither the exact amount of remediation costs nor the final method of their allocation among all designated PRPs at these Superfund sites have been determined. Accordingly, at this time the Company cannot reasonably estimate expected costs for such matters. The liability for future environmental remediation costs that can be reasonably estimated is evaluated by management on a quarterly basis. The Company accrues amounts for environmental remediation costs that represent management's best estimate of the probable and reasonably estimable future costs related to environmental remediation.

Estimates of the amount and timing of future costs of environmental remediation requirements are inherently imprecise because of the continuing evolution of environmental laws and regulatory requirements, the availability and application of technology, the identification of currently unknown remediation sites and the allocation of costs among the PRPs. Based upon information currently available, such future costs are not expected to have a material effect on the Company's financial position, results of operations or cash flows over the long-term. However, such costs could be material to the Company's financial position, results of operations or cash flows in a particular future quarter or year.

*Other*

The Company is defending various routine claims and legal actions that are incidental to its business and common to its operations, including those pertaining to product claims, commercial disputes, patent infringement, employment actions, employee benefits, compliance with domestic and foreign laws and regulations, personal injury claims and tax issues. Like many other manufacturing companies in recent years, the Company, from time to time, has been named as a defendant in lawsuits alleging personal injury as a result of exposure to chemicals and substances in the workplace such as asbestos. The Company provides for costs relating to these matters when a loss is probable and the amount of the loss is reasonably estimable. The effect of the outcome of these matters on the Company's future results of operations and liquidity cannot be predicted because any such effect depends on future results of operations and the amount and timing (both as to recording future charges to operations and cash expenditures) of the resolution of such matters. While it is not feasible to determine the outcome of these matters, management believes that the total liability from these matters will not have a material effect on the Company's financial position, results of operations or cash flows over the long-term. However, there can be no assurance that an increase in the scope of pending matters or that any future lawsuits, claims, proceedings or investigations will not be material to the Company's financial position, results of operations or cash flows in a particular future quarter or year.

The Company has entered into purchase agreements primarily for various key raw materials at market related prices, all made in the normal course of business. The commitments include both fixed and variable price provisions. Raw material prices as of June 30, 2024, were used for commitments with variable pricing. The purchase commitments covered by these agreements aggregate to \$243.8 million as of June 30, 2024. Of this amount, \$176.3 million relates to fiscal year 2025, \$44.7 million to fiscal year 2026, \$21.9 million to fiscal year 2027, \$0.5 million to fiscal year 2028 and \$0.4 million to fiscal year 2029.

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**13. Leases**

The Company records ROU assets and operating lease liabilities on the consolidated balance sheets for several types of operating leases, including land and buildings, equipment (e.g. trucks and forklifts), vehicles and computer equipment. On the lease commencement date, the Company measures and records a ROU asset and lease liability equal to the present value of the remaining lease payments, discounted using the rate implicit in the lease (or if that rate cannot be readily determined, the Company's incremental borrowing rate). Operating leases are included in other assets, accrued liabilities (current) and other liabilities (long-term) on the consolidated balance sheets.

The Company elected the practical expedient to not separate lease components from nonlease components for all asset classes. The Company recognizes lease expense in the consolidated statements of operations on a straight-line basis over the lease term. The Company elected to not recognize ROU assets and lease liabilities for short-term leases with an initial term of 12 months or less for all asset classes. Leases with the option to extend their term or terminate early are reflected in the lease term when it is reasonably certain that the Company will exercise such options. Some leasing arrangements require variable payments that are dependent on usage, output, or may vary for other reasons, such as insurance and tax payments. The variable lease payments are not presented as part of the ROU asset or lease liability.

Total lease cost was \$14.6 million, \$14.0 million and \$13.5 million for the fiscal years ended June 30, 2024, 2023 and 2022, respectively. The following table sets forth the components of the Company's lease cost for the fiscal years ended June 30, 2024, 2023 and 2022:

(\$ in millions)	Years Ended June 30,		
	2024	2023	2022
Operating lease cost	\$ 11.0	\$ 11.3	\$ 10.9
Short-term lease cost	4.4	3.8	3.5
Variable lease cost	0.2	0.1	0.1
Sublease income	(1.0)	(1.2)	(1.0)
<b>Total lease cost</b>	<b>\$ 14.6</b>	<b>\$ 14.0</b>	<b>\$ 13.5</b>
Operating cash flow payments from operating leases	\$ 11.6	\$ 12.3	\$ 11.4
Noncash ROU assets obtained in exchange for lease obligations	\$ 4.3	\$ 9.9	\$ 16.5

The leases have a remaining term of one to thirteen years. The following table sets forth the Company's weighted-average remaining lease term and weighted-average discount rate at June 30, 2024, 2023 and 2022:

	Years Ended June 30,		
	2024	2023	2022
Weighted-average remaining lease term - operating leases	7.4 years	8.0 years	8.5 years
Weighted-average discount rate - operating leases	4.4 %	4.1 %	3.7 %

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The following table sets forth the Company's ROU assets and lease liabilities at June 30, 2024 and June 30, 2023:

(\$ in millions)	June 30,	
	2024	2023
Operating lease assets:		
Other assets	\$ 39.0	\$ 43.9
Operating lease liabilities:		
Accrued liabilities	\$ 8.8	\$ 9.1
Other liabilities	38.4	43.6
Total operating lease liabilities	\$ 47.2	\$ 52.7

Minimum lease payments by fiscal year for operating leases expiring subsequent to June 30, 2024, are as follows:

(\$ in millions)	Lease Payments
2025	\$ 10.4
2026	8.1
2027	7.6
2028	6.4
2029	4.9
Thereafter	17.7
Total future minimum lease payments	55.1
Less: imputed interest	7.9
Total	\$ 47.2

#### 14. Fair Value Measurements

The fair value hierarchy has three levels based on the inputs used to determine fair value. Level 1 refers to quoted prices in active markets for identical assets or liabilities. Level 2 refers to observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data. Level 3 refers to unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs. Currently, the Company does not use Level 1 and 3 inputs.

The following tables present the Company's assets and liabilities that are measured at fair value on a recurring basis and are categorized using the fair value hierarchy:

June 30, 2024 (\$ in millions)	Fair Value Measurements Using Input Type
	Level 2
Assets:	
Derivative financial instruments	\$ —
Liabilities:	
Derivative financial instruments	\$ 5.8

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June 30, 2023 (\$ in millions)	Fair Value Measurements Using Input Type
	Level 2
<b>Assets:</b>	
Derivative financial instruments	\$ 3.7
<b>Liabilities:</b>	
Derivative financial instruments	\$ 6.8

The Company's derivative financial instruments have historically consisted of commodity forward contracts, foreign currency forward contracts, interest rate swaps and forward interest rate swaps. These instruments are measured at fair value using the market method valuation technique. The inputs to this technique utilize information related to foreign exchange rates, commodity prices and interest rates published by third party leading financial news and data providers. This is observable data; however, the valuation of these instruments is not based on actual transactions for the same instruments and, as such, they are classified as Level 2. The Company's use of derivatives and hedging policies are more fully discussed in Note 16.

The Company has currently chosen not to elect the fair value option for any items that are not already required to be measured at fair value in accordance with accounting principles generally accepted in the United States of America.

The carrying amounts of other financial instruments not listed in the table below approximate fair value due to the short-term nature of these items. The carrying amounts and estimated fair values of the Company's financial instruments not recorded at fair value in the financial statements were as follows:

(\$ in millions)	June 30, 2024		June 30, 2023	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Long-term debt	\$ 694.2	\$ 709.1	\$ 693.0	\$ 698.1
Company-owned life insurance	\$ 31.8	\$ 31.8	\$ 26.2	\$ 26.2

The fair values of long-term debt as of June 30, 2024, and June 30, 2023, were determined by using current interest rates for debt with terms and maturities similar to the Company's existing debt arrangements and accordingly would be classified as Level 2 inputs in the fair value hierarchy.

The carrying amount of company-owned life insurance reflects cash surrender values based upon the market values of underlying securities, using Level 2 inputs, net of any outstanding policy loans. The carrying value associated with the cash surrender value of these policies is recorded in other assets in the accompanying consolidated balance sheets.

For purposes of performing Step 1 of goodwill impairment testing, the Company uses certain nonrecurring fair value measurements using significant unobservable inputs (Level 3). Fair value for purposes of the goodwill impairment test is based on a weighting of an income approach and a market approach. Under the income approach, fair value is determined based on a discounted cash flow technique that uses estimates of cash flows discounted to present value using rates commensurate with the risks associated with those cash flows. Under the market approach, a market-based value is derived by relating multiples for earnings and cash flow measures for a group of comparable public companies to the same measure for each reporting unit to estimate fair value. The assumptions used by the Company to determine fair value of the reporting units are similar to those that would be used by market participants performing valuations.

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## 15. Share-Based Compensation

The Company has two share-based compensation plans: the Amended and Restated Stock-Based Incentive Compensation Plan for Officers and Key Employees (the "Omnibus Plan") and the Stock-Based Compensation Plan for Non-Employee Directors ("Director's Plan"). The Company recognizes compensation cost based on the fair value of the awards on the date of grant. The compensation cost is recognized over the requisite service period of the award, which is generally the shorter of the vesting period that the holder is required to provide service, or the period from the grant date to the date on which the employee is eligible to retire or the Director has a separation from service event. Upon the employee's retirement, as defined in the Omnibus Plan, or the Director's separation from service, as defined in the Director's Plan, outstanding awards are subject to certain accelerated vesting terms.

Awards granted under the share-based compensation plans are paid from shares held in treasury and newly issued shares. The total compensation cost that has been charged against income related to these share-based compensation plans was \$19.8 million, \$16.4 million and \$10.8 million for the fiscal years ended June 30, 2024, 2023 and 2022, respectively.

### *Omnibus Plan*

The Omnibus Plan provides that the Board of Directors or a designated committee may grant stock options, restricted stock and restricted stock units, and determine the terms and conditions of each grant. The Omnibus Plan provides the Chief Executive Officer with limited authority to grant awards. As of June 30, 2024, 3,419,252 shares were available for awards which may be granted under this plan.

### *Director's Plan*

The Director's Plan provides for the granting of stock options and stock units to non-employee directors. As of June 30, 2024, 171,911 shares were available for awards which may be granted under this plan.

### *Stock Options (all plans)*

Stock options granted under the plans above are granted with an exercise price equal to at least the fair market value of the Company's common stock on the date of grant. The options are typically exercisable after one to three years of service and expire no longer than ten years from the grant date.

The fair value of stock options awarded in fiscal years 2024, 2023 and 2022 was estimated on the date of each grant using a Black-Scholes option pricing model with the following weighted-average assumptions:

	Years Ended June 30,		
	2024	2023	2022
Expected volatility	55.4 %	54.0 %	51.6 %
Dividend yield	1.1 %	2.2 %	2.4 %
Risk-free interest rate	4.6 %	4.0 %	1.1 %
Expected term (in years)	5.0	5.0	5.0

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The assumptions are based on multiple factors, including historical exercise patterns of employees in relatively homogeneous groups with respect to exercise and post-vesting employment termination behaviors, expected future exercising patterns for these same homogeneous groups and the implied volatility of our stock price based on historical performance for the same expected term of the options granted. The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the time of each grant.

	Number of Awards	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value (\$ in millions)
Outstanding at June 30, 2021	2,075,753	\$ 43.47		
Granted	36,444	\$ 34.43		
Exercised	(891)	\$ 39.70		
Forfeited	(69,656)	\$ 40.52		
Expired	(79,061)	\$ 54.49		
Outstanding at June 30, 2022	1,962,589	\$ 42.96		
Granted	27,956	\$ 36.24		
Exercised	(117,621)	\$ 42.39		
Withheld	(1,136)	\$ 44.90		
Forfeited	(2,097)	\$ 42.16		
Expired	(61,517)	\$ 49.67		
Outstanding at June 30, 2023	1,808,174	\$ 42.67		
Granted	11,014	\$ 70.64		
Exercised	(835,532)	\$ 45.06		
Withheld	(369,042)	\$ 39.81		
Forfeited	(1,028)	\$ 70.64		
Outstanding at June 30, 2024	613,586	\$ 41.61	3.6 years	\$ 41.7
Exercisable at June 30, 2024	603,600	\$ 41.13	3.5 years	\$ 41.3

***Outstanding and Exercisable Options***

Exercise Price Range	Number Outstanding at June 30, 2024	Weighted Average Remaining Contractual Term (in Years)	Weighted Average Exercise Price	Number Exercisable at June 30, 2024	Weighted Average Exercise Price
\$18.26 - \$20.00	50,142	6.3	\$ 18.26	50,142	\$ 18.26
\$20.01 - \$30.00	—	0.0	\$ —	—	\$ —
\$30.01 - \$40.00	160,379	3.6	\$ 37.13	160,379	\$ 37.13
\$40.01 - \$50.00	311,969	3.0	\$ 42.58	311,969	\$ 42.58
\$50.01 - \$60.00	81,110	3.1	\$ 57.59	81,110	\$ 57.59
\$60.01 - \$70.64	9,986	9.3	\$ 70.64	—	\$ —
	613,586		\$ 41.61	603,600	\$ 41.13

The weighted average grant date fair value of options awarded during fiscal years 2024, 2023 and 2022 was \$34.06, \$15.55 and \$12.39, respectively. Share-based compensation charged against income related to stock options for the fiscal years ended June 30, 2024, 2023 and 2022 was \$0.4 million, \$0.5 million and \$0.6 million, respectively. As of June 30, 2024, \$0.1 million of compensation cost related to nonvested stock options will be recognized over a weighted average remaining life of 0.3 years. Of the options outstanding at June 30, 2024, 384,642 relate to the Omnibus Plan and 228,944 relate to the Directors' Plan.

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***Restricted Stock Unit Awards (Omnibus Plan)***

Restricted stock unit awards are granted to employees with performance and/or service conditions. Dividend equivalents are accrued for earned restricted stock unit awards and will only be paid upon satisfaction of the terms and conditions applicable to the underlying restricted stock units. The fair value of the restricted stock unit awards is determined based on the close price of the Company's stock on the grant date.

Performance-based restricted stock unit awards are earned dependent upon how certain performance goals are achieved during a specified performance period according to the terms determined at the date of the grant. These shares typically vest upon expiration of the performance period. Compensation cost is determined and charged to expense beginning in the performance period through the vesting period.

Time-based restricted stock unit awards typically vest one to three years from the date of grant. Compensation cost related to time-based stock unit awards is recognized over the vesting period of the award.

Amounts charged to compensation expense for restricted stock unit awards were \$9.8 million, \$8.6 million and \$8.0 million for the fiscal years ended June 30, 2024, 2023 and 2022, respectively. As of June 30, 2024, \$7.6 million of compensation cost related to restricted stock unit awards remains to be recognized over a weighted average remaining life of 1.5 years.

	Number of Awards	Weighted Average Grant Date Fair Value
Restricted Award Balance at June 30, 2021	496,325	\$ 29.44
Time-based granted	281,533	\$ 35.76
Vested	(216,656)	\$ 32.71
Forfeited	(45,538)	\$ 32.35
Restricted Award Balance at June 30, 2022	515,664	\$ 31.27
Time-based granted	285,268	\$ 39.01
Vested	(246,306)	\$ 31.37
Forfeited	(31,880)	\$ 35.23
Restricted Award Balance at June 30, 2023	522,746	\$ 35.18
Time-based granted	191,909	\$ 61.42
Vested	(273,296)	\$ 32.67
Forfeited	(40,262)	\$ 45.19
Restricted Award Balance at June 30, 2024	401,097	\$ 48.44

The Company granted performance-based awards in fiscal years 2024, 2023 and 2022 within the Omnibus Plan. The awards are granted at a target number of shares. These awards are earned dependent upon how certain performance goals are achieved during a specified performance period according to the terms determined at the date of the grant. The actual number of shares awarded may range from a minimum of 0 percent of the target shares to a maximum of 200 percent of the target shares. Participants do not have any rights to dividends (or equivalents) during the performance period. These shares typically vest upon expiration of the performance period. Compensation cost is determined and charged to expense beginning in the performance period through the vesting period. In fiscal years 2024, 2023 and 2022 expense of \$8.3 million, \$6.1 million and \$1.1 million was recognized for these awards, respectively. Compensation cost in fiscal year 2024 reflects higher performance attainment compared to fiscal years 2023 and 2022.

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***Director Stock Units***

According to the provisions of the Director's Plan, on the date of each annual stockholders' meeting or on such other regularly scheduled date as the Board of Directors may determine from time to time in light of the Company's prevailing practices for the grant of equity awards to employees, each Director shall be granted, in place of cash compensation, a number of stock units determined by dividing 50 percent of the Director's annual retainer by the fair market value of the Company's common stock on that date. These stock units vest on the first anniversary of the grant date, provided that one-quarter of the units granted within the one year period preceding separation from service (for reasons other than cause, a change in control, death or disability) will vest for every three months of service following the grant date. At the Director's election, the remaining 50 percent of the annual retainer and 100 percent of committee chair fees may be paid in stock units in lieu of cash. These units are immediately vested.

In addition to the grant of retainer stock units described above, each Director may be granted annually an additional award of stock units as the Board may determine by resolution. These stock units vest on the first anniversary of the grant date, provided that one-quarter of the units granted within the one-year period preceding separation from service (for reasons other than cause, a change in control, death or disability) will vest for every three months of service following the grant date.

Additional units are credited to each Director on a quarterly basis to reflect dividend equivalents on the Company's common stock. In the case of separation from service due to death or disability, all stock units shall immediately vest. Following a Director's separation from service, or such other elected distribution date or event, the number of stock units credited to the Director's account will be converted to an equivalent number of the Company's common stock.

	Number of Units	Weighted Average Grant Date Fair Value
Outstanding at June 30, 2021	353,365	\$ 35.54
Granted	37,234	\$ 33.62
Distributed	(81,136)	\$ 33.28
Dividend equivalents	7,770	\$ —
Outstanding at June 30, 2022	317,233	\$ 31.89
Granted	38,433	\$ 34.93
Distributed	(54,057)	\$ 35.85
Dividend equivalents	5,962	\$ —
Outstanding at June 30, 2023	307,571	\$ 30.75
Granted	21,590	\$ 71.01
Distributed	(11,653)	\$ 36.14
Forfeited	(1,912)	\$ 70.64
Dividend equivalents	3,223	\$ —
Outstanding at June 30, 2024	318,819	\$ 33.85

Compensation cost is determined using the grant date fair value and charged to expense over the vesting period of one year. This amounted to \$1.3 million, \$1.2 million and \$1.1 million for the fiscal years ended June 30, 2024, 2023 and 2022, respectively. As of June 30, 2024, \$0.3 million of compensation cost related to director stock units remains to be recognized over a weighted average remaining life of 0.3 years.

**16. Derivatives and Hedging Activities**

The Company, from time to time, uses commodity forwards, interest rate swaps, forward interest rate swaps and foreign currency forwards to manage risks generally associated with commodity price, interest rate and foreign currency rate fluctuations. The following explains the various types of derivatives and includes a summary of the impact the derivative instruments had on the Company's financial position, results of operations and cash flows.

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*Cash Flow Hedging — Commodity forward contracts:* The Company enters into commodity forward contracts to fix the price of a portion of anticipated future purchases of certain critical raw materials and energy to manage the risk of cash flow variability associated with volatile commodity prices. The commodity forward contracts have been designated as cash flow hedges. The qualifying hedge contracts are marked-to-market at each reporting date and any unrealized gains or losses are included in accumulated other comprehensive income (loss) to the extent effective, and reclassified to cost of sales in the period during which the hedged transaction affects earnings or it becomes probable that the forecasted transaction will not occur. As of June 30, 2024, the Company had forward contracts to purchase 2.0 million pounds of certain raw materials with settlement dates through December 2025.

*Cash Flow Hedging — Forward interest rate swaps:* Historically, the Company has entered into forward interest rate swap contracts to manage the risk of cash flow variability associated with fixed interest debt expected to be issued. The forward interest rate swaps were designated as cash flow hedges. The qualifying hedge contracts were marked-to-market at each reporting date and any unrealized gains or losses were included in AOCI to the extent effective and reclassified to interest expense in the period during which the hedged transaction affected earnings or it became probable that the forecasted transaction would not occur. For the fiscal years ended June 30, 2024, 2023 and 2022, net gains of \$0.0 million, \$0.0 million and \$0.4 million, respectively, were recorded as a reduction to interest expense. These amounts represent the impact of previously terminated swaps which were being amortized over the remaining term of the underlying debt which was paid off during the fiscal year ended June 30, 2022.

*Cash Flow Hedging — Foreign currency forward contracts:* The Company, from time to time, uses foreign currency forward contracts to hedge a portion of anticipated future sales denominated in foreign currencies, principally the Euro and Pound Sterling, in order to offset the effect of changes in exchange rates. The qualifying hedge contracts are marked-to-market at each reporting date and any unrealized gains or losses are included in AOCI to the extent effective and reclassified to net sales in the period during which the transaction affects earnings or it becomes probable that the forecasted transaction will not occur. The Company had no qualifying foreign currency hedge contracts as of June 30, 2024 and 2023.

The Company also uses foreign currency forward contracts to protect certain short-term asset positions denominated in foreign currencies against the effect of changes in exchange rates. These positions do not qualify for hedge accounting and accordingly are marked-to-market at each reporting date through charges to other expense (income), net. As of June 30, 2024, the fair value of the outstanding foreign currency forwards not designated as hedging instruments and the charges to income for changes in fair value for these contracts were not material.

The fair value and location of outstanding derivative contracts recorded in the accompanying consolidated balance sheets were as follows as of June 30, 2024 and 2023:

June 30, 2024 (\$ in millions)	Foreign Currency Contracts	Commodity Contracts	Total Derivatives
<b>Asset Derivatives:</b>			
Other current assets	\$ —	\$ —	\$ —
Other assets	—	—	—
Total asset derivatives	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
<b>Liability Derivatives:</b>			
Accrued liabilities	\$ —	\$ 3.6	\$ 3.6
Other liabilities	1.4	0.8	2.2
Total liability derivatives	<u>\$ 1.4</u>	<u>\$ 4.4</u>	<u>\$ 5.8</u>

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June 30, 2023 (\$ in millions)	Foreign Currency Contracts	Commodity Contracts	Total Derivatives
<b>Asset Derivatives:</b>			
Other current assets	\$ 2.1	\$ 1.6	\$ 3.7
Other assets	—	—	—
Total asset derivatives	<u>\$ 2.1</u>	<u>\$ 1.6</u>	<u>\$ 3.7</u>
<b>Liability Derivatives:</b>			
Accrued liabilities	\$ —	\$ 6.4	\$ 6.4
Other liabilities	—	0.4	0.4
Total liability derivatives	<u>\$ —</u>	<u>\$ 6.8</u>	<u>\$ 6.8</u>

Substantially all of the Company's derivative contracts are subject to master netting arrangements, or similar agreements with each counterparty, which provide for the option to settle contracts on a net basis when they settle on the same day and in the same currency. In addition, these arrangements provide for a net settlement of all contracts with a given counterparty in the event that the arrangement is terminated due to the occurrence of default or a termination event. The Company presents the outstanding derivative contracts on a net basis by counterparty in the consolidated balance sheets. If the Company had chosen to present the derivative contracts on a gross basis, the total asset derivatives would have been \$0.2 million and total liability derivatives would have been \$6.0 million as of June 30, 2024.

According to the provisions of the Company's derivative arrangements, in the event that the fair value of outstanding derivative positions with certain counterparties exceeds certain thresholds, the Company may be required to issue cash collateral to the counterparties. As of June 30, 2024, the Company had no cash collateral held by counterparties.

The Company is exposed to credit loss in the event of nonperformance by counterparties on its derivative instruments as well as credit or performance risk with respect to its customer commitments to perform. Although nonperformance is possible, the Company does not anticipate nonperformance by any of the parties. In addition, various master netting arrangements are in place with counterparties to facilitate settlements of gains and losses on these contracts.

### ***Cash Flow Hedges***

For derivative instruments that are designated and qualify as cash flow hedges, the gain or loss on the derivative is reported as a component of AOCI and reclassified into earnings in the same period or periods during which the hedged transactions affect earnings or it becomes probable the forecasted transactions will not occur. The following is a summary of the (losses) gains related to cash flow hedges recognized during the fiscal years ended June 30, 2024, 2023 and 2022:

(\$ in millions)	Amount of (Loss) Gain Recognized in AOCI on Derivatives Years Ended June 30,		
	2024	2023	2022
<b>Derivatives in Cash Flow Hedging Relationship:</b>			
Commodity contracts	\$ (9.6)	\$ (8.8)	\$ 26.8
Total	<u>\$ (9.6)</u>	<u>\$ (8.8)</u>	<u>\$ 26.8</u>

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(\$ in millions)	Location of (Loss) Gain Reclassified from AOCI into Income	Amount of (Loss) Gain Reclassified from AOCI into Income Years Ended June 30,		
		2024	2023	2022
<b>Derivatives in Cash Flow Hedging Relationship:</b>				
Commodity contracts	Cost of sales	\$ (11.0)	\$ 7.7	\$ 28.3
Forward interest rate swaps	Interest expense	—	—	0.4
Total		<u>\$ (11.0)</u>	<u>\$ 7.7</u>	<u>\$ 28.7</u>

The following is a summary of total amounts presented in the consolidated statements of operations in which the effects of cash flow hedges are recorded during the fiscal years ended June 30, 2024 and 2023:

(\$ in millions)	Year Ended June 30, 2024	Year Ended June 30, 2023
	Cost of Sales	Cost of Sales
Total amounts presented in the consolidated statements of operations in which the effects of cash flow hedges are recorded	<u>\$ 2,175.4</u>	<u>\$ 2,213.0</u>
<b>(Loss) Gain on Derivatives in Cash Flow Hedging Relationship:</b>		
Commodity contracts		
Amount of (loss) gain reclassified from AOCI to income	(11.0)	7.7
Total (loss) gain	<u>\$ (11.0)</u>	<u>\$ 7.7</u>

The Company estimates that \$1.5 million of net derivative losses included in AOCI as of June 30, 2024, will be reclassified into earnings within the next twelve months. No significant cash flow hedges were discontinued during the year ended June 30, 2024.

The changes in AOCI associated with derivative hedging activities during the fiscal years ended June 30, 2024, 2023 and 2022 were as follows:

(\$ in millions)	Years Ended June 30,		
	2024	2023	2022
Balance, beginning	\$ (7.0)	\$ 5.5	\$ 6.9
Current period changes in fair value, net of tax	(7.3)	(6.7)	20.4
Reclassification to earnings, net of tax	8.4	(5.8)	(21.8)
Balance, ending	<u>\$ (5.9)</u>	<u>\$ (7.0)</u>	<u>\$ 5.5</u>

## 17. Income Taxes

Income (loss) before income taxes for the Company's domestic and foreign operations was as follows:

(\$ in millions)	Years Ended June 30,		
	2024	2023	2022
Domestic	\$ 224.1	\$ 51.2	\$ (74.0)
Foreign	(12.5)	21.3	10.9
Income (loss) before income taxes	<u>\$ 211.6</u>	<u>\$ 72.5</u>	<u>\$ (63.1)</u>

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The expense (benefit) for income taxes from continuing operations consisted of the following:

(\$ in millions)	Years Ended June 30,		
	2024	2023	2022
<b>Current:</b>			
Federal	\$ 30.4	\$ 8.6	\$ (14.7)
State	4.2	2.6	0.1
Foreign	3.8	5.3	3.7
Total current	<u>38.4</u>	<u>16.5</u>	<u>(10.9)</u>
<b>Deferred:</b>			
Federal	(10.1)	(0.9)	(1.0)
State	(2.7)	(0.5)	(2.7)
Foreign	(0.5)	1.0	0.6
Total deferred	<u>(13.3)</u>	<u>(0.4)</u>	<u>(3.1)</u>
<b>Total income tax expense (benefit)</b>	<u>\$ 25.1</u>	<u>\$ 16.1</u>	<u>\$ (14.0)</u>

The following is a reconciliation of income taxes computed at the U.S. Federal income tax rate to the Company's effective income tax rates:

(% of pre-tax income (loss))	Years Ended June 30,		
	2024	2023	2022
Statutory federal income tax rate	21.0 %	21.0 %	21.0 %
State income taxes, net of federal tax benefit	2.7	2.8	3.1
Foreign tax rate differential	(0.3)	0.9	(1.0)
Research and development tax credit	(1.6)	(3.5)	4.4
Foreign derived intangible income deduction	(1.8)	—	—
Adjustments of prior years' income taxes	—	8.7	(7.4)
Non-deductible goodwill impairment	1.4	—	—
Tax benefit related to closure of Additive operations	(8.7)	—	—
Non-taxable income	(0.5)	(0.8)	(1.0)
Non-deductible expenses	6.4	(0.1)	(0.7)
Non-deductible compensation	1.6	1.4	(1.1)
Share-based compensation	(3.2)	—	(0.7)
Changes in valuation allowances	(4.7)	(7.4)	6.0
Law changes	—	0.4	—
Interest on prior tax positions	(0.4)	(1.3)	0.2
Other, net	—	0.1	(0.6)
<b>Effective income tax rate</b>	<u>11.9 %</u>	<u>22.2 %</u>	<u>22.2 %</u>

Deferred taxes are recorded for temporary differences between the carrying amounts of assets and liabilities and their tax bases. A valuation allowance is required when it is more likely than not that all or a portion of a deferred tax asset will not be realized. The Company had state net operating loss carryforwards of \$178.2 million expiring between fiscal years 2024 and 2044. A significant portion of the state net operating loss carryforwards are subject to an annual limitation that, under current law, is likely to limit future tax benefits to approximately \$7.0 million. Realization is dependent on generating sufficient taxable income prior to expiration of the loss carryforwards. Although realization is not assured, management believes it is more likely than not that all of the deferred tax asset will be realized. The amount of the deferred tax asset considered realizable, however, could be revised in the near term if estimates of future taxable income during the carryforward period change.

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Valuation allowances decreased by \$11.2 million during fiscal year 2024. Liquidation of the Carpenter Additive business in the United Kingdom for tax purposes resulted in the write-off of net deferred tax assets of \$7.2 million for which no benefit was recognized. The write-off of the net deferred tax assets reduced the valuation allowance. The expiration of \$3.3 million net operating losses, for which no tax benefit was recognized, caused a reduction in the valuation allowance. As a result of increases in estimates of projected future taxable income during the carryforward period, the valuation allowance was reduced by \$0.9 million for the expected realization of previously limited net operating loss carryforwards. This was partially offset by a \$0.2 million increase in net operating losses incurred in certain jurisdictions for which no tax benefit was recognized.

The significant components of deferred tax assets and liabilities that are recorded in the consolidated balance sheets are summarized in the table below:

(\$ in millions)	June 30,	
	2024	2023
Deferred tax assets:		
Pensions	\$ 33.1	\$ 39.8
Postretirement provisions	14.4	20.0
Non-equity compensation	9.6	16.0
Net operating loss carryforwards	8.5	22.5
Tax credit carryforwards	2.0	1.2
Operating lease liabilities	8.9	10.0
Other	20.1	22.3
Gross deferred tax assets	96.6	131.8
Valuation allowances	(2.4)	(13.6)
Total deferred tax assets	94.2	118.2
Deferred tax liabilities:		
Depreciation	219.6	237.6
Intangible assets	3.2	5.8
Inventories	28.2	27.4
Operating lease right-of-use assets	7.0	8.0
Other	2.8	3.1
Total deferred tax liabilities	260.8	281.9
Deferred tax liabilities, net	\$ 166.6	\$ 163.7

The Company does not have unrecognized tax benefits as of June 30, 2024, 2023 and 2022. The Company recognizes interest and penalties accrued on any unrecognized tax benefits as a component of income tax expense.

All years prior to fiscal year 2018 have been settled with the Internal Revenue Service and with most significant state, local and foreign tax jurisdictions.

The Company asserts that substantially all undistributed earnings from foreign subsidiaries are not considered indefinitely reinvested. The potential tax implications from the distribution of these earnings are expected to be limited to withholding taxes in certain jurisdictions and are not expected to materially impact the consolidated financial statements.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**18. Other Expense (Income), Net**

Other expense (income), net consists of the following:

(\$ in millions)	Years Ended June 30,		
	2024	2023	2022
Unrealized (gains) losses on company-owned life insurance contracts and investments held in rabbi trusts	\$ (5.8)	\$ (3.3)	\$ 4.8
Interest income	(1.8)	(0.6)	(0.1)
Foreign exchange losses	1.8	0.4	1.3
Pension earnings, interest and deferrals	14.4	10.0	(18.3)
Pension settlement charge	51.9	—	—
Other	—	—	(0.4)
<b>Total other expense (income), net</b>	<b>\$ 60.5</b>	<b>\$ 6.5</b>	<b>\$ (12.7)</b>

**19. Segment Information, Geographic and Product Data**

The Company has two reportable segments, Specialty Alloys Operations and Performance Engineered Products.

The SAO segment is comprised of the Company's major premium alloy and stainless steel manufacturing operations. This includes operations performed at mills primarily in Reading and Latrobe, Pennsylvania and surrounding areas as well as South Carolina and Alabama. The combined assets of the SAO operations are managed in an integrated manner to optimize efficiency and profitability across the total system.

The PEP segment is comprised of the Company's differentiated operations. This segment includes the Dynamet titanium business, the Carpenter Additive business and the Latrobe and Mexico distribution businesses. The businesses in the PEP segment are managed with an entrepreneurial structure to promote flexibility and agility to quickly respond to market dynamics.

The Company's executive management evaluates the performance of these operating segments based on sales, operating income and cash flow generation. Segment operating results exclude general corporate costs, which include executive and director compensation, and other corporate facilities and administrative expenses not allocated to the segments. Also excluded are items that management considers not representative of ongoing operations, such as restructuring charges and other specifically identified income or expense items.

The service cost component of the Company's net pension expense, which represents the estimated cost of future pension liabilities earned associated with active employees, is included in the operating income of the business segments. The residual net pension expense, which is comprised of the expected return on plan assets, interest costs on the projected benefit obligations of the plans, amortization of actuarial gains and losses and prior service costs and pension settlement charges is included within other expense (income), net.

On a consolidated basis, no single customer accounted for 10 percent or more of net sales for the fiscal years ended June 30, 2024, 2023 and 2022. No single customer accounted for 10 percent or more of the accounts receivable outstanding at June 30, 2024 and 2023.

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Net Sales (\$ in millions)	Years Ended June 30,		
	2024	2023	2022
Specialty Alloys Operations	\$ 2,443.8	\$ 2,213.6	\$ 1,565.6
Performance Engineered Products	411.0	433.7	344.5
Intersegment	(95.1)	(97.0)	(73.8)
Consolidated net sales	\$ 2,759.7	\$ 2,550.3	\$ 1,836.3
<b>Operating Income (Loss)</b> (\$ in millions)	<b>Years Ended June 30,</b>		
	<b>2024</b>	<b>2023</b>	<b>2022</b>
Specialty Alloys Operations	\$ 408.5	\$ 179.1	\$ 9.6
Performance Engineered Products	36.0	31.8	18.1
Corporate costs (including special items)	(123.0)	(75.5)	(52.8)
Intersegment	1.6	(2.3)	0.2
Consolidated operating income (loss)	\$ 323.1	\$ 133.1	\$ (24.9)
<b>Depreciation and Amortization</b> (\$ in millions)	<b>Years Ended June 30,</b>		
	<b>2024</b>	<b>2023</b>	<b>2022</b>
Specialty Alloys Operations	\$ 113.3	\$ 110.0	\$ 110.1
Performance Engineered Products	16.3	15.6	15.8
Corporate	5.0	5.4	5.5
Consolidated depreciation and amortization	\$ 134.6	\$ 131.0	\$ 131.4
<b>Capital Expenditures</b> (\$ in millions)	<b>Years Ended June 30,</b>		
	<b>2024</b>	<b>2023</b>	<b>2022</b>
Specialty Alloys Operations	\$ 80.0	\$ 70.2	\$ 77.5
Performance Engineered Products	13.2	10.1	10.8
Corporate	3.4	2.0	3.0
Consolidated capital expenditures	\$ 96.6	\$ 82.3	\$ 91.3
<b>Total Assets</b> (\$ in millions)	<b>June 30,</b>		
	<b>2024</b>	<b>2023</b>	
Specialty Alloys Operations	\$ 2,542.2	\$ 2,461.2	
Performance Engineered Products	431.5	451.6	
Corporate	334.8	159.0	
Intersegment	(16.8)	(17.9)	
Consolidated total assets	\$ 3,291.7	\$ 3,053.9	
<b>Geographic Location</b> Net Sales (a) (\$ in millions)	<b>Years Ended June 30,</b>		
	<b>2024</b>	<b>2023</b>	<b>2022</b>
United States	\$ 1,623.0	\$ 1,556.2	\$ 1,179.9
Europe	503.8	437.3	253.5
Asia Pacific	391.3	319.5	233.9
Mexico	120.1	124.0	89.4
Canada	70.1	60.1	41.5
Other	51.4	53.2	38.1
Consolidated net sales	\$ 2,759.7	\$ 2,550.3	\$ 1,836.3

(a) Net sales are attributed to geographic region based on the location of the customer.

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Long-lived Assets (\$ in millions)	June 30,	
	2024	2023
United States	\$ 1,330.0	\$ 1,368.1
Europe	3.0	13.1
Mexico	1.3	1.6
Asia Pacific	0.5	0.5
Canada	0.4	0.5
Consolidated long-lived assets	<u>\$ 1,335.2</u>	<u>\$ 1,383.8</u>

**20. Reclassifications from Accumulated Other Comprehensive Loss**

The changes in AOCI by component, net of tax, for the years ended June 30, 2024 and 2023 were as follows:

(\$ in millions) (a)	Cash flow hedging items	Pension and other postretirement benefit plan items	Foreign currency items	Total
Balances at June 30, 2023	\$ (7.0)	\$ (95.5)	\$ (40.5)	\$ (143.0)
Other comprehensive (loss) income before reclassifications	(7.3)	8.8	(3.2)	(1.7)
Amounts reclassified from AOCI (b)	8.4	42.4	—	50.8
Net other comprehensive income (loss)	1.1	51.2	(3.2)	49.1
Balances at June 30, 2024	<u>\$ (5.9)</u>	<u>\$ (44.3)</u>	<u>\$ (43.7)</u>	<u>\$ (93.9)</u>

(\$ in millions) (a)	Cash flow hedging items	Pension and other postretirement benefit plan items	Foreign currency items	Total
Balances at June 30, 2022	\$ 5.5	\$ (132.9)	\$ (46.1)	\$ (173.5)
Other comprehensive (loss) income before reclassifications	(6.7)	32.9	5.6	31.8
Amounts reclassified from AOCI (b)	(5.8)	4.5	—	(1.3)
Net other comprehensive (loss) income	(12.5)	37.4	5.6	30.5
Balances at June 30, 2023	<u>\$ (7.0)</u>	<u>\$ (95.5)</u>	<u>\$ (40.5)</u>	<u>\$ (143.0)</u>

(a) All amounts are net of tax. Amounts in parentheses indicate debits.

(b) See separate table below for further details.

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The following is a summary of amounts reclassified from AOCI for the years ended June 30, 2024 and 2023:

Details about AOCI Components (\$ in millions) (a)	Location of (loss) gain	Amount Reclassified from AOCI	
		Years Ended June 30,	
		2024	2023
<b>Cash flow hedging items:</b>			
Commodity contracts	Cost of sales	\$ (11.0)	\$ 7.7
Total before tax		(11.0)	7.7
Tax benefit (expense)		2.6	(1.9)
Net of tax		\$ (8.4)	\$ 5.8
Details about AOCI Components (\$ in millions) (a)	Location of (loss) gain	Amount Reclassified from AOCI	
		Years Ended June 30,	
		2024	2023
<b>Amortization of pension and other postretirement benefit plan items:</b>			
Net actuarial loss		\$ (5.5)	\$ (7.7)
Prior service benefit		1.8	1.8
Settlement charge		(51.9)	—
Total before tax	(b)	(55.6)	(5.9)
Tax benefit	(b)	13.2	1.4
Net of tax	(b)	\$ (42.4)	\$ (4.5)

(a) Amounts in parentheses indicate debits to income/loss.

(b) These AOCI components are included in the computation of net periodic benefit cost (see Note 11 for additional details).

## 21. Supplemental Data

The following are additional required disclosures and other material items:

(\$ in millions)	Years Ended June 30,		
	2024	2023	2022
<b>Cost Data:</b>			
Repairs and maintenance costs	\$ 126.7	\$ 101.4	\$ 74.6
<b>Cash Flow Data:</b>			
Noncash investing and financing activities:			
Noncash purchases of property, plant, equipment and software	\$ 10.6	\$ 13.6	\$ 7.6
Cash paid (received) during the year for:			
Interest payments, net	\$ 49.2	\$ 50.9	\$ 40.5
Income tax payments (refunds), net	\$ 62.8	\$ 9.9	\$ (46.1)

**SUPPLEMENTARY DATA****Quarterly Financial Data (Unaudited)**

Quarterly sales and earnings results can be influenced by seasonal factors with the first six months of the fiscal year typically being lower, principally because of annual plant vacation and maintenance shutdowns by us, as well as by many of our customers. However, the timing of major changes in the general economy or the markets for certain products can alter this pattern.

The quarterly financial data does not reflect special items as identified in Item 7 "Non-GAAP Financial Measures" discussed above. Special items included in the fiscal year ended June 30, 2024 results include: a goodwill impairment charge of \$14.1 million; pre-tax restructuring and asset impairment charges of \$16.9 million as a result of actions taken to streamline operations in the Carpenter Additive business; a pension settlement charge of \$51.9 million; and an \$18.4 million U.S. tax benefit that was generated as a result of the Carpenter Additive restructuring actions.

(\$ in millions)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
<b>Results of Operations</b>				
<b>Fiscal Year 2024</b>				
Net sales	\$ 651.9	\$ 624.2	\$ 684.9	\$ 798.7
Gross profit	\$ 124.1	\$ 122.6	\$ 147.0	\$ 190.6
Operating income	\$ 69.0	\$ 69.8	\$ 75.9	\$ 108.3
Net income	\$ 43.9	\$ 42.7	\$ 6.3	\$ 93.6
<b>Fiscal Year 2023</b>				
Net sales	\$ 522.9	\$ 579.1	\$ 690.1	\$ 758.1
Gross profit	\$ 54.8	\$ 70.0	\$ 93.5	\$ 119.0
Operating income	\$ 8.3	\$ 22.6	\$ 39.3	\$ 62.9
Net (loss) income	\$ (6.9)	\$ 6.2	\$ 18.6	\$ 38.4

(per share amount)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
<b>Earnings (Loss) per common share</b>				
<b>Fiscal Year 2024</b>				
Basic earnings	\$ 0.89	\$ 0.86	\$ 0.12	\$ 1.87
Diluted earnings	\$ 0.88	\$ 0.85	\$ 0.12	\$ 1.85
<b>Fiscal Year 2023</b>				
Basic (loss) earnings	\$ (0.14)	\$ 0.13	\$ 0.38	\$ 0.78
Diluted (loss) earnings	\$ (0.14)	\$ 0.13	\$ 0.38	\$ 0.78
(shares in millions)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
<b>Weighted average common shares outstanding</b>				
<b>Fiscal Year 2024</b>				
Basic	49.2	49.7	49.7	50.0
Diluted	49.9	50.2	50.3	50.6
<b>Fiscal Year 2023</b>				
Basic	48.7	48.8	48.8	48.9
Diluted	48.7	49.0	49.2	49.4

**Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure**

Not applicable.

**Item 9A. Controls and Procedures**

(a) Conclusion Regarding the Effectiveness of Disclosure Controls and Procedures

The Company's management, with the participation of the Company's President and Chief Executive Officer and Senior Vice President and Chief Financial Officer, evaluated the effectiveness of the Company's disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended, (the "Exchange Act") as of June 30, 2024. Based on that evaluation, the President and Chief Executive Officer and Senior Vice President and Chief Financial Officer concluded that the Company's disclosure controls and procedures as of June 30, 2024, were effective in providing a reasonable level of assurance that information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods required under the Securities and Exchange Commission's rules and forms, including that information required to be disclosed by us in such reports is accumulated and communicated to the Company's management, including the Company's President and Chief Executive Officer and Senior Vice President and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

(b) Management's Report on Internal Control over Financial Reporting

Management's Report on the Company's internal control over financial reporting is included in Item 8. of this Annual Report on Form 10-K under the caption "Management's Report on Internal Control Over Financial Reporting" and is incorporated herein by reference. PricewaterhouseCoopers LLP, an independent registered public accounting firm has audited the effectiveness of the Company's internal control over financial reporting as stated in their report which appears in Item 8. of this Annual Report on Form 10-K under the caption "Report of Independent Registered Public Accounting Firm" and is incorporated herein by reference.

(c) Changes in Internal Control over Financial Reporting

There have been no changes in the Company's internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the quarter ended June 30, 2024, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

**Item 9B. Other Information**

During the three months ended June 30, 2024, none of our directors or officers (as defined in Rule 16a-1(f) of the Exchange Act) adopted or terminated a Rule 10b5-1 trading arrangement or non-Rule 10b5-1 trading arrangement (as such terms are defined in Item 408 of Regulation S-K of the Securities Act).

The Company has adopted an Insider Trading Policy governing the purchase, sale and other dispositions of the Company's securities by its directors, officers and employees, that the Company believes is reasonably designed to promote compliance with insider trading laws, rules and regulations and the listing standards of the NYSE applicable to the Company. A copy of the Company's insider trading policy is filed as Exhibit 19 to this Annual Report on Form 10-K.

**Item 9C. Disclosures Regarding Foreign Jurisdictions that Prevent Inspections**

Not applicable.

## **PART III**

### **Item 10. Directors, Executive Officers and Corporate Governance**

The information required as to the officers is set forth in Part I hereof.

The information required as to directors and the committees of the Board of Directors is incorporated herein by reference to the Company's fiscal year 2024 definitive Proxy Statement under the captions "Election of Directors" and "Corporate Governance."

The information concerning compliance with Section 16(a) of the Securities and Exchange Act of 1934, as amended, is incorporated herein by reference to the Company's fiscal year 2024 definitive Proxy Statement under the caption "Corporate Governance."

The information concerning Carpenter's Code of Ethics and certain additional information relating to the Company's Corporate Governance is incorporated herein by reference to the Company's fiscal year 2024 definitive Proxy Statement under the caption "Corporate Governance."

The information concerning the Audit/Finance Committee and its financial experts is incorporated herein by reference to the Company's fiscal year 2024 definitive Proxy Statement under the caption "Audit/Finance Committee Report."

The information concerning material changes to the procedures by which stockholders may recommend nominees to the Board of Directors is incorporated herein by reference to the Company's fiscal year 2024 definitive Proxy Statement under the caption "General Information."

On October 30, 2023, we filed with the New York Stock Exchange ("NYSE") the Annual CEO Certification regarding our compliance with the NYSE's Corporate Governance listing standards as required by Section 303 A-12(a) of the NYSE Listed Company Manual. In addition, we have filed as exhibits to our annual report on Form 10-K for the fiscal year ended June 30, 2024, the applicable certifications of our Chief Executive Officer and our Chief Financial Officer required under Section 302 of the Sarbanes-Oxley Act of 2002, regarding the quality of Carpenter's public disclosures.

### **Item 11. Executive Compensation**

The information required by this item is incorporated herein by reference to the Company's fiscal year 2024 definitive Proxy Statement under the captions "Compensation Discussion and Analysis" and "Executive Compensation."

### **Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters**

The information required by this item is incorporated herein by reference to the Company's fiscal year 2024 definitive Proxy Statement under the captions "Security Ownership of Principal Beneficial Owners" and "Directors, Nominees and Management Stock Ownership."

**Equity Compensation Plan Information**

The following table shows the securities authorized for issuance under equity compensation plans as of June 30, 2024:

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders	613,586	\$ 41.61	3,591,163 (1)
Equity compensation plans not approved by security holders	—	—	—
Total	613,586	\$ 41.61	3,591,163 (1)

- (1) Includes 3,419,252 shares available for issuance under the Third Amendment to the Carpenter Technology Corporation Stock-Based Incentive Compensation Plan for Officers and Key Employees (which provides for the issuance of stock options, restricted stock and restricted stock units) and 171,911 shares available under the Second Amendment to the Stock-Based Compensation Plan for Non-Employee Directors (which provides for issuance of stock options, stock units and performance units).

There were no reportable purchases during the quarter ended June 30, 2024, provided however that 7,571 shares, at an average purchase price of \$98.49, were surrendered by employees to the Company for the payment of the minimum tax liability withholding obligations upon the vesting of shares of restricted stock. We do not consider this a share repurchase program.

**Item 13. Certain Relationships, Related Transactions and Director Independence**

The information required by this item is incorporated herein by reference to the Company's fiscal year 2024 definitive Proxy Statement under the captions "Corporate Governance" and "Executive Compensation."

**Item 14. Principal Accounting Fees and Services**

The information required by this item is incorporated herein by reference to the Company's fiscal year 2024 definitive Proxy Statement under the caption "Ratification of Appointment of Independent Registered Public Accounting Firm."

**PART IV**

**Item 15. Exhibits and Financial Statement Schedules**

**(a) Financial Statement Schedule:**

- (1) The following consolidated financial statement schedule should be read in conjunction with the consolidated financial statements (see Item 8. "Financial Statements and Supplementary Data"):

Schedule II — Valuation and Qualifying Accounts

All other schedules are omitted because they are not applicable or the required information is contained in the consolidated financial statements or notes thereto.

**(b) Exhibits**

Exhibits required to be filed by Item 601 of Regulation S-K are listed below. Documents not designated as being incorporated herein by reference are filed herewith. The exhibit numbers correspond to the paragraph numbers designated in Item 601 of Regulation S-K.

<u>Exhibit No.</u>	<u>Description</u>
<a href="#">3(A)</a>	Restated Certificate of Incorporation, dated October 26, 1998 (Exhibit 3(A) to our Annual Report on Form 10-K filed on September 9, 2005 and incorporated herein by reference).
<a href="#">3(B)</a>	By-Laws, amended as of August 11, 2015 (Exhibit 3.1 to our Current Report on Form 8-K filed on August 17, 2015 and incorporated herein by reference).
<a href="#">3(C)</a>	Amended and Restated Bylaws of Carpenter Technology Corporation. (as amended and restated through April 18, 2023) (Exhibit 3.1 to our Current Report on Form 8-K filed on April 21, 2023, and incorporated herein by reference).
<a href="#">4(A)</a>	Indenture, dated January 12, 1994, between Carpenter Technology Corporation and U.S. Bank Trust National Association (formerly known as First Trust of New York, National Association, as successor Trustee to Morgan Guaranty Trust Company of New York) (Exhibit 4(A) to our Quarterly Report on Form 10-Q filed on February 10, 1994 and incorporated herein by reference).
<a href="#">4(B)</a>	Forms of Fixed Rate and Floating Rate Medium-Term Note, Series B (Exhibit 4(F) to our Annual Report on Form 10-K filed on September 3, 2004 and incorporated herein by reference).
<a href="#">4(C)</a>	First Supplemental Indenture, dated May 22, 2003, between Carpenter Technology Corporation and U.S. Bank Trust National Association (formerly known as First Trust of New York, National Association as successor Trustee to Morgan Guaranty Trust Company of New York) (Exhibit 4(I) to our Annual Report on Form 10-K filed on September 12, 2003 and incorporated herein by reference).
<a href="#">4(D)</a>	Second Supplemental Indenture, dated as of June 30, 2011, between Carpenter Technology Corporation and U.S. Bank National Association (Exhibit 4.1 to our Current Report on Form 8-K filed on June 30, 2011 and incorporated herein by reference).
<a href="#">4(E)</a>	Registration Rights Agreement, dated February 29, 2012, by and among Carpenter, Watermill-Toolrock Partners, L.P., Watermill-Toolrock Partners II, L.P., Watermill-Toolrock Enterprises, LLC and HHEP-Latrobe, L.P. (Exhibit 10.2 to our Current Report on Form 8-K filed on March 1, 2012 and incorporated herein by reference).
<a href="#">4(F)</a>	Third Supplemental Indenture, dated as of February 26, 2013, between Carpenter Technology Corporation and U.S. Bank National Association (Exhibit 4.1 to our Current Report on Form 8-K filed on February 26, 2013 and incorporated herein by reference).
<a href="#">4(G)</a>	Fourth Supplemental Indenture, dated July 24, 2020, by and between Carpenter Technology Corporation and U.S. Bank National Association (Exhibit 4.2 to our Current Report on Form 8-K filed on July 24, 2020 and incorporated herein by reference).
<a href="#">4(H)</a>	Form of 6.375% Senior Notes Due 2028 (Exhibit 4.3 to our Current Report on Form 8-K filed on July 24, 2020 and incorporated herein by reference).

<a href="#">† 10(A)</a>	Supplemental Retirement Plan for Executives of Carpenter Technology Corporation (Exhibit 10(A) to our Annual Report on Form 10-K filed on August 20, 2010 and incorporated herein by reference).
<a href="#">† 10(B)</a>	First Amendment to the Supplemental Retirement Plan for Executives of Carpenter Technology Corporation (Exhibit 10(A) to our Quarterly Report on Form 10-Q filed on October 27, 2016 and incorporated herein by reference).
<a href="#">† 10(C)</a>	Amended and Restated Deferred Compensation Plan for Non-Management Directors of Carpenter Technology Corporation (Exhibit 10(B) to our Annual Report on Form 10-K filed on August 24, 2011 and incorporated herein by reference).
<a href="#">† 10(D)</a>	Second Amendment to the Amended and Restated Deferred Compensation Plan for Non-Management Directors of Carpenter Technology Corporation (Exhibit 10(D) to our Annual Report on Form 10-K filed on August 29, 2019 and incorporated herein by reference).
<a href="#">† 10(E)</a>	Amended and Restated Deferred Compensation Plan for Officers and Key Employees of Carpenter Technology Corporation (Exhibit 10(D) to our Annual Report on Form 10-K filed on August 11, 2017 and incorporated herein by reference).
<a href="#">† 10(F)</a>	Second Amendment to the Amended and Restated Deferred Compensation Plan for Officers and Key Employees of Carpenter Technology Corporation (Exhibit 10(F) to our Annual Report on Form 10-K filed on August 29, 2019 and incorporated herein by reference).
<a href="#">† 10(G)</a>	Stock-Based Compensation Plan For Non-Employee Directors, as amended (Exhibit 10(E) to our Annual Report on Form 10-K filed on August 24, 2011 and incorporated herein by reference).
<a href="#">† 10(H)</a>	Second Amendment to the Stock-Based Compensation Plan for Non-Employee Directors, as amended (Exhibit 10(H) to our Annual Report on Form 10-K filed on August 29, 2019 and incorporated herein by reference).
<a href="#">10(I)</a>	Trust Agreement for Non-Qualified Employee Benefits Trust between Carpenter Technology Corporation and JP Morgan Chase Bank, N.A., effective as of August 15, 2014 (Exhibit 10(G) to our Annual Report on Form 10-K filed on August 25, 2015 and incorporated herein by reference).
<a href="#">† 10(J)</a>	Amended and Restated Stock-Based Incentive Compensation Plan for Officers and Key Employees (Exhibit A to our Definitive Proxy Statement filed on September 16, 2022 and incorporated herein by reference).
<a href="#">† 10(K)</a>	Form of Restricted Stock Unit Award Agreement (pursuant to Carpenter's Stock-Based Incentive Compensation Plan for Officers and Key Employees) (Exhibit 10(A) to our Quarterly Report on Form 10-Q filed on May 1, 2024 and incorporated herein by reference).
<a href="#">† 10(L)</a>	Form of Performance Stock Unit Award Agreement (pursuant to Carpenter's Stock-Based Incentive Compensation Plan for Officers and Key Employees) (Exhibit 10(B) to our Quarterly Report on Form 10-Q filed on May 1, 2024 and incorporated herein by reference).
<a href="#">† 10(M)</a>	Form of Stock Option Award Agreement (pursuant to Carpenter's Stock-Based Incentive Compensation Plan for Officers and Key Employees) (Exhibit 10(C) to our Quarterly Report on Form 10-Q filed on May 1, 2024 and incorporated herein by reference).

<a href="#">† 10(N)</a>	Form of Three-Year Performance Stock Unit Award Agreement (pursuant to Carpenter's Stock-Based Incentive Compensation Plan for Officers and Key Employees) (Exhibit 10(D) to our Quarterly Report on Form 10-Q filed on May 1, 2024 and incorporated herein by reference).
<a href="#">† 10(O)</a>	Benefits Restoration Plan of Carpenter Technology Corporation (Exhibit 10.1 to our Quarterly Report on Form 10-Q filed on May 2, 2016 and incorporated herein by reference).
<a href="#">† 10(P)</a>	First Amendment to the Benefits Restoration Plan of Carpenter Technology Corporation (Exhibit 10(P) to our Quarterly Report on Form 10-Q filed on October 27, 2016 and incorporated herein by reference).
<a href="#">† 10(Q)</a>	Form of Indemnification Agreement for Directors and Officers (Exhibit 10.1 to our Quarterly Report on Form 10-Q filed on May 7, 2015 and incorporated herein by reference).
<a href="#">† 10(R)</a>	Amended and Restated Severance Pay Plan for Executives of Carpenter Technology Corporation (Exhibit 10(S) to our Annual Report on Form 10-K filed on August 11, 2017 and incorporated herein by reference).
<a href="#">† 10(S)</a>	Offer Letter, dated June 1, 2015, by and between Carpenter Technology Corporation and Tony R. Thene (Exhibit 10.1 to our Current Report on Form 8-K filed on June 3, 2015 and incorporated herein by reference).
<a href="#">† 10(T)</a>	Offer Letter, dated August 6, 2018, by and between Carpenter Technology Corporation and Timothy Lain (Exhibit 10.1 to our Current Report on Form 8-K filed on August 8, 2018 and incorporated herein by reference).
<a href="#">† 10(U)</a>	Employment Letter of Agreement, dated August 13, 2010, by and between Carpenter Technology Corporation and James D. Dee (Exhibit 10(F) of Carpenter's Form 10-Q for the quarter ended September 30, 2010 filed November 5, 2010 and incorporated herein by reference).
<a href="#">† 10(V)</a>	Offer Letter, dated June 29, 2015, by and between Carpenter Technology Corporation and Brian J. Malloy (Exhibit 10(AA) to our Annual Report on Form 10-K filed on August 29, 2019 and incorporated herein by reference).
<a href="#">† 10(W)</a>	Executive incentive bonus compensation plan of Carpenter Technology Corporation effective July 1, 2021 (Exhibit 10(CC) to our Annual Report on Form 10-K filed on August 19, 2021 and incorporated herein by reference).
<a href="#">† 10(X)</a>	First Amendment to the Executive Incentive Bonus Compensation Plan of Carpenter Technology Corporation effective as of July 1, 2021 (Exhibit 10.B to our Quarterly Report on Form 10-Q filed on October 28, 2021 and incorporated herein by reference).
<a href="#">10(Y)</a>	Fifth Supplemental Indenture, dated March 16, 2022, by and between Carpenter Technology Corporation and U.S. Bank National Association (Exhibit 4.2 to our Current Report on Form 8-K filed on March 16, 2022, and incorporated herein by reference).
<a href="#">10(Z)</a>	Form of 7.625% Senior Notes due 2030 (Exhibit 4.3 to our Current Report on Form 8-K filed on March 16, 2022, and incorporated herein by reference).

<a href="#">† 10(AA)</a>	Amended and Restated Carpenter Technology Corporation Change of Control Severance Plan (Exhibit 10(FF) to our Annual Report on Form 10-K filed on August 15, 2022 and incorporated herein by reference).
<a href="#">† 10(BB)</a>	Second Amendment to the Stock-Based Compensation Plan for Officers and Key Employees, as amended (Exhibit 10(A) to our Quarterly Report on Form 10-Q filed on April 27, 2023 and incorporated herein by reference).
<a href="#">10(CC)</a>	Second Amended and Restated Credit Agreement dated as of April 14, 2023 by and among the Company, Bank of America, N.A. as administrative agent, swing line lender and letter of credit issuer, and the other lenders party thereto, JPMorgan Chase Bank, N.A., as syndication agent, PNC Bank, National Association and U.S. Bank, National Association, each, as a documentation agent, and BofA Securities Inc. and JPMorgan Chase Bank, N.A., as joint lead arrangers and joint bookrunners (filed herewith).
<a href="#">10(DD)</a>	Amended and Restated Security Agreement dated as of April 14, 2023 by and among the Company, the grantors party thereto and Bank of America, N.A. as administrative agent for the secured parties. (Exhibit 10.2 to our Current Report on Form 8-K filed on April 18, 2023, and incorporated herein by reference).
<a href="#">†10(EE)</a>	First Amendment to the Stock-Based Compensation Plan for Officers and Key Employees, as amended (Exhibit A to our Supplemental Proxy Statement filed on September 27, 2022 and incorporated herein by reference).
<a href="#">†10(FE)</a>	Second Amendment to the Executive Incentive Bonus Compensation Plan of Carpenter Technology Corporation (filed herewith).
<a href="#">†10(GG)</a>	Third Amendment to the Carpenter Technology Corporation Stock-Based Incentive Compensation Plan for Officers and Key Employees, as amended (filed herewith).
<a href="#">†10(HH)</a>	Third Amendment to the Amended and Restated Deferred Compensation Plan for Officers and Key Employees of Carpenter Technology Corporation (filed herewith).
<a href="#">18</a>	Preferability letter from PricewaterhouseCoopers LLP on change in date of annual goodwill impairment testing performed by the Company (Exhibit 18 to our Annual Report on Form 10-K filed August 15, 2022 and incorporated herein by reference).
<a href="#">19</a>	Carpenter Technology Corporation Insider Trading Policy (filed herewith).
<a href="#">21</a>	Subsidiaries of the Registrant (filed herewith).
<a href="#">23</a>	Consent of PricewaterhouseCoopers LLP (filed herewith).
<a href="#">24</a>	Powers of Attorney in favor of James D. Dee or Timothy Lain (filed herewith).
<a href="#">31(A)</a>	Certification of Chief Executive Officer required by the Securities and Exchange Commission Rule 13a-14(a)/15d-14(a) (filed herewith).
<a href="#">31(B)</a>	Certification of Chief Financial Officer required by the Securities and Exchange Commission Rule 13a-14(a)/15d-14(a) (filed herewith).
<a href="#">32</a>	Certification pursuant to 18 U.S.C Section 1350 (furnished herewith).

Carpenter Technology Corporation Clawback Policy for Executive Officers (filed herewith).

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The following financial information from this Annual Report on Form 10-K for the fiscal year ended June 30, 2024, formatted in XBRL (Extensible Business Reporting Language) and furnished electronically herewith: (i) the Consolidated Balance Sheets; (ii) the Consolidated Statements of Operations; (iii) the Consolidated Statements of Comprehensive Income (Loss); (iv) the Consolidated Statements of Cash Flows; (v) the Consolidated Statements of Changes in Equity; and (vi) the Notes to the Consolidated Financial Statements (filed herewith).

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† Denotes employment- or compensation- related agreement, document or plan.

**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.

CARPENTER TECHNOLOGY CORPORATION

By /s/ Timothy Lain  
Timothy Lain  
Senior Vice President and Chief Financial Officer

Date: August 13, 2024

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

<u>/s/ Tony R. Thene</u> Tony R. Thene	President and Chief Executive Officer and Director (Principal Executive Officer)	August 13, 2024
<u>/s/ Timothy Lain</u> Timothy Lain	Senior Vice President and Chief Financial Officer (Principal Financial Officer)	August 13, 2024
<u>/s/ Elizabeth Socci</u> Elizabeth Socci	Vice President - Controller, Chief Accounting Officer (Principal Accounting Officer)	August 13, 2024

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<hr/> *	Chairman and Director	August 13, 2024
I. Martin Inglis		
<hr/> *	Director	August 13, 2024
Viola L. Acoff		
<hr/> *	Director	August 13, 2024
A. John Hart		
<hr/> *	Director	August 13, 2024
Steven E. Karol		
<hr/> *	Director	August 13, 2024
Kathleen Ligocki		
<hr/> *	Director	August 13, 2024
Charles McLane, Jr.		
<hr/> *	Director	August 13, 2024
Colleen Pritchett		
<hr/> *	Director	August 13, 2024
Stephen M. Ward, Jr.		
<hr/> *	Director	August 13, 2024
Ramin Younessi		

Original Powers of Attorney authorizing James D. Dee or Timothy Lain to sign this Report on behalf of: I. Martin Inglis, Viola L. Acoff, A. John Hart, Steven E. Karol, Kathleen Ligocki, Charles McLane, Jr., Colleen Pritchett, Stephen M. Ward, Jr. and Ramin Younessi are being filed with the Securities and Exchange Commission.

\*By /s/ James D. Dee  
James D. Dee  
Attorney-in-fact

**CARPENTER TECHNOLOGY CORPORATION AND SUBSIDIARIES**
**SCHEDULE II. VALUATION AND QUALIFYING ACCOUNTS**
**(\$ in millions)**

Column A	Column B	Column C Additions		Column D	Column E
Description	Balance at Beginning of Period	Charged to Costs & Expenses	Charged to Other Accounts	Deductions	Balance at End of Period
Year Ended June 30, 2024					
Allowance for doubtful accounts receivable	\$ 3.1	\$ 1.0	\$ (0.1)	\$ —	\$ 4.0
Deferred tax valuation allowance	\$ 13.6	\$ (11.2)	\$ —	\$ —	\$ 2.4
Year Ended June 30, 2023					
Allowance for doubtful accounts receivable	\$ 3.3	\$ (0.4)	\$ 0.2	\$ —	\$ 3.1
Deferred tax valuation allowance	\$ 21.3	\$ (7.7)	\$ —	\$ —	\$ 13.6
Year Ended June 30, 2022					
Allowance for doubtful accounts receivable	\$ 3.6	\$ (0.4)	\$ 0.1	\$ —	\$ 3.3
Deferred tax valuation allowance	\$ 25.2	\$ (3.9)	\$ —	\$ —	\$ 21.3

Published CUSIP Number: 14428UAJ7  
Published USD Facility CUSIP Number: 14428UAK4  
Published AC Facility CUSIP Number: 14428UAL2

**SECOND AMENDED AND RESTATED CREDIT AGREEMENT**

Dated as of April 14, 2023

among

**CARPENTER TECHNOLOGY CORPORATION**  
and  
**CERTAIN OF ITS SUBSIDIARIES,**  
as Borrowers,

**CERTAIN SUBSIDIARIES OF CARPENTER TECHNOLOGY CORPORATION,**  
as Guarantors,

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

and

**THE OTHER LENDERS PARTY HERETO**

**JPMORGAN CHASE BANK, N.A.,**  
as Syndication Agent

**PNC BANK, NATIONAL ASSOCIATION,**  
and  
**U.S. BANK NATIONAL ASSOCIATION**  
each, as a Documentation Agent

and

**BofA SECURITIES, INC.,**  
and  
**JPMORGAN CHASE BANK, N.A.,**  
as Joint Lead Arrangers and Joint Bookrunners

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## EXHIBITS

### **Form of:**

- A Committed Loan Notice
- B Swing Line Loan Notice
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## SECOND AMENDED AND RESTATED CREDIT AGREEMENT

This SECOND AMENDED AND RESTATED CREDIT AGREEMENT (“Agreement”) is entered into as of April 14, 2023, among CARPENTER TECHNOLOGY CORPORATION, a Delaware corporation (“Carpenter”), the Subsidiary Borrowers (as hereinafter defined and, together with Carpenter, the “Borrowers” and, each a “Borrower”), the Guarantors (as hereinafter defined), the Lenders (as hereinafter defined), and BANK OF AMERICA, N.A., as Administrative Agent, Swing Line Lender and L/C Issuer.

The Borrowers are party to that certain Amended and Restated Credit Agreement, dated as of March 26, 2021, among the Borrowers, the Lenders party thereto and Bank of America, N.A., as administrative agent (as the same may have been amended, restated, supplemented or otherwise modified from time to time prior to the date hereof, the “Existing Credit Agreement”).

The Borrowers have requested, and the Administrative Agent, the Lenders party hereto, the Swing Line Lender and the L/C Issuer have agreed, to amend and restate the Existing Credit Agreement and extend certain credit facilities to the Borrowers on the terms and conditions set forth herein. The amendment and restatement of the Existing Credit Agreement, and the continuation of the loans and other obligations thereunder as Loans and Obligations hereunder, are subject to the provisions of this Agreement, including the application of Section 11.23 hereof.

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

### ARTICLE I DEFINITIONS AND ACCOUNTING TERMS

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

“2028 Notes” means Carpenter’s outstanding \$400,000,000 6.375% Senior Notes due 2028.

“2030 Notes” means Carpenter’s outstanding \$300,000,000 7.625% Senior Notes due 2030.

“AC Commitment” means, as to any Lender, its obligation to make Committed AC Loans to the Borrowers pursuant to Section 2.01(a), in an aggregate principal amount at any one time outstanding not to exceed the Dollar amount set forth opposite such Lender’s name on Schedule 2.01 or in the Assignment and Assumption pursuant to which such Lender becomes a party hereto, as applicable, as such amount may be adjusted from time to time in accordance with this Agreement.

“AC Facility” means, at any time, the revolving credit facility provided in this Agreement pursuant to the Aggregate AC Commitments.

“AC Lender” means a Lender holding an AC Commitment.

“Acquisition” means the purchase or other acquisition by a Loan Party of (i) all of the Equity Interests in another Person or (ii) the assets of another Person which constitute all or substantially all of the assets of such Person or all or substantially all of the assets of a division, business unit or line or lines of business conducted by such Person.

“Additional Secured Obligations” means (a) all obligations arising under Secured Cash Management Agreements and Secured Hedge Agreements and (b) all costs and expenses incurred in connection with enforcement and collection of the foregoing, including the reasonable and documented fees, charges and disbursements of counsel, in each case whether direct or indirect (including those acquired by assumption), absolute or contingent, due or to become due, now existing or hereafter arising and including interest, expenses and fees that accrue after the commencement by or against any Loan Party or any Affiliate thereof of any proceeding under any Debtor Relief Laws naming such Person as the debtor in such proceeding, regardless of whether such interest, expenses and fees are allowed claims in such proceeding; provided that Additional Secured Obligations of a Loan Party shall exclude any Excluded Swap Obligations with respect to such Loan Party.

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

“Administrative Agent’s Office” means, with respect to any currency, the Administrative Agent’s address and, as appropriate, account as set forth on Schedule 11.02 with respect to such currency, or such other address or account with respect to such currency as the Administrative Agent may from time to time notify to Carpenter and the Lenders.

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

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

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

“Agreed Currency” means Dollars or any Alternative Currency, as applicable.

“Aggregate AC Commitments” mean the AC Commitments of all Lenders having an AC Commitment. The initial amount of the Aggregate AC Commitments in effect on the Closing Date is \$75,000,000.

“Aggregate USD Commitments” mean the USD Commitments of all Lenders having a USD Commitment. The initial amount of the Aggregate USD Commitments in effect on the Closing Date is \$275,000,000.

“Agreement” means this Credit Agreement.

“Alternative Currency” means each of the following currencies: Euro, Sterling, Canadian Dollars, Krona, and Singapore dollars, together each other currency (other than Dollars) that is approved in accordance with Section 1.06; provided that for each Alternative Currency, such requested currency is an Eligible Currency.

“Alternative Currency Daily Rate” means, for any day, with respect to any Credit Extension:

- (a) denominated in Sterling, the rate per annum equal to SONIA determined pursuant to the definition thereof plus the SONIA Adjustment;
- (b) denominated in Singapore dollars, the rate per annum equal to the SORA Daily Rate determined pursuant to the definition thereof plus the SORA Adjustment; and
- (c) denominated in any other Alternative Currency (to the extent such Loans denominated in such currency will bear interest at a daily rate), the daily rate per annum as designated with respect to such Alternative Currency at the time such Alternative Currency is approved by the Administrative Agent and the relevant Lenders pursuant to Section 1.06(a) plus the adjustment (if any) determined by the Administrative Agent and the relevant Lenders pursuant to Section 1.06(a);

provided, that, if any Alternative Currency Daily Rate shall be less than 0.00%, such rate shall be deemed to be 0.00% for purposes of this Agreement. Any change in an Alternative Currency Daily Rate shall be effective from and including the date of such change without further notice.

“Alternative Currency Daily Rate Loan” means a Committed Loan that bears interest at a rate based on the definition of “Alternative Currency Daily Rate.” All Alternative Currency Daily Rate Loans must be denominated in an Alternative Currency.

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

“Alternative Currency Letter of Credit Sublimit” means an amount equal to the lesser of the Letter of Credit Sublimit and \$20,000,000. The Alternative Currency Letter of Credit Sublimit is part of, and not in addition to, the Letter of Credit Sublimit.

“Alternative Currency Loan” means an Alternative Currency Daily Rate Loan or an Alternative Currency Term Rate Loan, as applicable.

“Alternative Currency Term Rate” means, for any Interest Period, with respect to any Credit Extension:

(a) denominated in Euros, the rate per annum equal to the Euro Interbank Offered Rate (“EURIBOR”), as published on the applicable Reuters screen page (or such other commercially available source providing such quotations as may be designated by the Administrative Agent from time to time) on the day that is two TARGET Days preceding the first day of such Interest Period with a term equivalent to such Interest Period;

(b) denominated in Canadian dollars, the rate per annum equal to the Canadian Dollar Offered Rate (“CDOR”), as published on the applicable Reuters screen page (or such other commercially available source providing such quotations as may be designated by the Administrative Agent from time to time) (in such case, the “CDOR Rate”) on the Rate Determination Date with a term equivalent to such Interest Period;

(c) denominated in Swedish Krona, the rate per annum equal to the Stockholm Interbank Offered Rate (“STIBOR”), as published on the applicable Reuters screen page (or such other commercially available source providing such quotations as may be designated by the Administrative Agent from time to time) on the Rate Determination Date with a term equivalent to such Interest Period;

(d) denominated in any other Alternative Currency (to the extent such Loans denominated in such currency will bear interest at a term rate), the term rate per annum as designated with respect to such Alternative Currency at the time such Alternative Currency is approved by the Administrative Agent and the relevant Lenders pursuant to Section 1.06(a) plus the adjustment (if any) determined by the Administrative Agent and the relevant Lenders pursuant to Section 1.06(a);

provided, that, if any Alternative Currency Term Rate shall be less than 0.00%, such rate shall be deemed to be 0.00% for purposes of this Agreement.

“Alternative Currency Term Rate Loan” means a Committed Loan that bears interest at a rate based on the definition of “Alternative Currency Term Rate.” All Alternative Currency Term Rate Loans must be denominated in an Alternative Currency.

“Applicable Foreign Loan Party Documents” has the meaning specified in Section 5.18(a).

“Applicable Authority” means (a) with respect to SOFR, the SOFR Administrator or any Governmental Authority having jurisdiction over the Administrative Agent or the SOFR Administrator with respect to its publication of SOFR, in each case acting in such capacity and (b) with respect to any Alternative Currency, the applicable administrator for the Relevant Rate for such Alternative Currency or any Governmental Authority having jurisdiction over the Administrative Agent or such administrator with respect to its publication of the applicable Relevant Rate, in each case acting in such capacity.

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

“Applicable Percentage” means (a) in respect to the AC Facility, with respect to any AC Lender at any time, the percentage (carried out to the ninth decimal place) of the Aggregate AC Commitments represented by such Lender’s AC Commitment at such time, subject to adjustment as provided in Section 2.18; and (b) in respect to the USD Facility, with respect to any USD Lender at any time, the percentage (carried out to the ninth decimal place) of the Aggregate USD Commitments represented by such Lender’s USD Commitment at such time, subject to adjustment as provided in Section 2.18; If the commitment of each USD Lender to make USD Loans and the obligation of the L/C Issuer to make L/C Credit Extensions have been terminated pursuant to Section 8.02 or if the Aggregate USD Commitments have expired, then the Applicable Percentage of each USD Lender in respect of the USD Facility shall be determined based on the Applicable Percentage of such USD Lender in respect of the USD Facility most recently in effect, giving effect to any subsequent assignments and to any USD Lender’s status as a Defaulting Lender at the time of determination. If the commitment of each AC Lender to make AC Loans has been terminated pursuant to Section 8.02 or if the Aggregate AC Commitments have expired, then the Applicable Percentage of each AC Lender in respect of the AC Facility shall be determined based on the Applicable Percentage of such AC Lender in respect of the AC Facility most recently in effect, giving effect to any subsequent assignments and to any AC Lender’s status as a Defaulting Lender at the time of determination. The Applicable Percentage of

each Lender in respect of each Facility is set forth opposite the name of such Lender on Schedule 2.01 or in the Assignment and Assumption pursuant to which such Lender becomes a party hereto, as applicable.

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

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

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

Pricing Level	Consolidated Total Leverage		Commitment Fee	Term SOFR Loans, Alternative Currency Daily Rate	Base Rate
	Ratio			Loans, Alternative Currency Term Rate Loans + Letter of Credit Fee	
1	≤ 2.00:1		0.250%	1.75%	0.750%
2	> 2.00:1 but ≤ 2.50:1		0.300%	2.000%	1.000%
3	>2.50:1 but < 3.25:1		0.350%	2.250%	1.250%
4	≥ 3.25:1		0.375%	2.500%	1.500%

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

Notwithstanding anything to the contrary contained in this definition, the determination of the Applicable Rate for any period shall be subject to the provisions of Section 2.11(b).

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

“Applicant Borrower” has the meaning specified in Section 2.15.

“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.

“Arrangers” means, collectively, BAS and JPMorgan Chase Bank, N.A., each in its capacity as joint lead arranger. JPMorgan Chase Bank, N.A. may perform its responsibilities hereunder through its affiliate, J.P. Morgan Securities LLC.

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

“Assignment and Assumption” means an assignment and assumption entered into by a Lender and an assignee (with the consent of any party whose consent is required by Section 11.06(b)), and accepted by the Administrative Agent, in substantially the form of Exhibit G-1 or any other form (including electronic documentation generated by MarkitClear or other electronic platform) approved by the Administrative Agent.

“Attributable Indebtedness” means, at any date (a) in respect of any Finance Lease of any Person, the capitalized amount thereof that would appear on a balance sheet of such Person prepared as of such date in accordance with GAAP, (b) in respect of any Synthetic Lease Obligation of any Person, the capitalized or principal amount of the remaining payments under the relevant lease or other agreement that would appear on a balance sheet of such Person prepared as of such date in accordance with GAAP if such lease or other agreement were accounted for as a Finance Lease and (c) in respect of any Sale/Leaseback Transaction, the lesser of (i) the present value, discounted in accordance with GAAP at the debt rate implicit in the related lease, of the obligations of the lessee for rental payments over the remaining term of such lease (including any period for which such lease has been extended or may, at the option of the lessor be extended) and (ii) the fair market value of the assets subject to such transaction.

“Availability Period” means (a) in respect of the AC Facility, the period from and including the Closing Date to the earliest of (i) the Maturity Date of such Facility, (ii) the date of termination of the Aggregate AC Commitments pursuant to Section 2.07, and (iii) the date of termination of the commitment of each Lender to make Committed AC Loans and (b) in respect of the USD Facility, the period from and including the Closing Date to the earliest of (i) the Maturity Date of such Facility, (ii) the date of termination of the Aggregate USD Commitments pursuant to Section 2.07, and (iii) the date of termination of the commitment of each Lender to make USD Loans and of the obligation of the L/C Issuer to make L/C Credit Extensions pursuant to Section 8.02.

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

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

“Bank of America Fee Letter” means that certain letter agreement, dated as of March 21, 2023, among the Administrative Agent, BAS and Carpenter.

“Bankruptcy Event” means, with respect to any Person, (a) a court or governmental agency having jurisdiction in the premises shall enter a decree or order for relief in respect of such Person in an involuntary case under any Debtor Relief Law now or hereafter in effect, or appoint a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of such Person or for any substantial part of its property or ordering the winding up or liquidation of its affairs, (b) an involuntary case under any applicable Debtor Relief Law now or hereafter in effect is commenced against such Person and such petition remains unstayed and in effect for a period of 60 consecutive days, (c) such Person shall commence a voluntary case under any applicable Debtor Relief Law now or hereafter in effect, or consent to the entry of an order for relief in an involuntary case under any such law, or consent to the appointment or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of such Person or any substantial part of its property or make any general assignment for the benefit of creditors or (d) such Person shall admit in writing its inability to pay its debts generally as they become due or any action shall be taken by such Person in furtherance of any of the aforesaid purposes.

“BAS” mean BofA Securities, Inc. and its successor, in its capacity as an Arranger and sole bookrunner.

“Base Rate” means for any day a fluctuating rate of interest per annum equal to the highest of (a) the Federal Funds Rate plus 1/2 of 1%, (b) the rate of interest in effect for such day as publicly announced from time to time by Bank of America as its “prime rate,” (c) Term SOFR plus 1.00% and (d) 1.00%. The “prime rate” is a rate set by Bank of America based upon various factors including Bank of America’s costs and desired return, general economic conditions and other factors, and is used as a reference point for pricing some loans, which may be priced at, above, or below such announced rate. Any change in such prime rate announced by Bank of America shall take effect at the opening of business on the day specified in the public announcement of such change. If the Base Rate is being used as an alternate rate of interest pursuant to Section 3.03 hereof, then the Base Rate shall be the greater of clauses (a), (b) and (d) above and shall be determined without reference to clause (c) above.

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

“Base Rate Loan” means a Loan that bears interest based on the Base Rate. All Base Rate Loans shall be denominated in Dollars.

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

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

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

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

“Borrower Materials” has the meaning specified in the last paragraph of Section 6.01.

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

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

(a) if such day relates to any interest rate settings as to an Alternative Currency Loan denominated in Euro, any fundings, disbursements, settlements and payments in Euro in respect of any such Alternative Currency Loan, or any other dealings in Euro to be carried out pursuant to this Agreement in respect of any such Alternative Currency Loan, means a Business Day that is also a TARGET Day;

(b) if such day relates to any interest rate settings as to an Alternative Currency Loan denominated in Sterling, means a day other than a day banks are closed for general business in London because such day is a Saturday, Sunday or a legal holiday under the laws of the United Kingdom;

(c) if such day relates to any interest rate settings as to an Alternative Currency Loan denominated in a currency other than Euro or Sterling means any such day on which dealings in deposits in the relevant currency are conducted by and between banks in the applicable offshore interbank market for such currency; and

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

“Canadian Dollars” and “C\$” mean the lawful currency of Canada.

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

“Carpenter’s 2022 Form 10-K” means Carpenter’s annual report on Form 10-K for the fiscal year ended June 30, 2022, as filed with the SEC pursuant to the Exchange Act.

“Carpenter’s Latest Form 10-Q” means Carpenter’s quarterly report on Form 10-Q for the quarter ended December 31, 2022, as filed with the SEC pursuant to the Exchange Act.

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

“Cash Equivalents” means:

(a) securities issued or directly and fully guaranteed or insured by the United States of America or any agency or instrumentality thereof (provided that the full faith and credit of the United States of America is pledged in support thereof) having maturities of not more than twelve months from the date of acquisition;

(b) Dollar-denominated certificates of deposit of (A) any Lender, (B) any United States commercial bank of recognized standing having capital and surplus in excess of \$500,000,000 or (C) any bank whose (or whose parent company’s) short-term commercial paper rating from S&P is at least “A-1” or the equivalent thereof or from Moody’s is at least “P-1” or the equivalent thereof (any such bank being an “Approved Bank”), in each case with maturities of not more than 270 days from the date of acquisition;

(c) commercial paper and variable or fixed rate notes issued by any Approved Bank (or by the parent company thereof) or any variable rate notes issued by, or guaranteed by, any domestic corporation not an Affiliate of Carpenter rated “A-1” (or the equivalent thereof) or better by S&P or “P-1” (or the equivalent thereof) or better by Moody’s and maturing within six months of the date of acquisition;

(d) repurchase agreements with a bank or trust company (including any of the Lenders) or recognized securities dealer having capital and surplus in excess of \$500,000,000 for direct obligations issued by or fully guaranteed by the United States of America in which Carpenter or one or more of its Subsidiaries shall have a perfected first priority security interest (subject to no other Liens) and having, on the date of purchase thereof, a fair market value of at least 100% of the amount of the repurchase obligations;

(e) Investments, classified in accordance with GAAP as current assets, in money market investment programs registered under the Investment Company Act of 1940, as amended, which are administered by reputable financial institutions having capital of at least \$500,000,000 and the portfolios of which are limited to Investments of the character described in the foregoing clauses (a) through (d); and

(f) without duplication, any other Marketable Securities recorded as “Cash Equivalents” on the consolidated balance sheet of Carpenter and its Consolidated Subsidiaries.

“Cash Management Agreement” means any agreement to provide cash management services, including treasury, depository, overdraft, credit or debit card, electronic funds transfer and other cash management arrangements.

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

“CFC Holdco” means a Person (including a Person that is a disregarded entity for U.S. federal income tax purposes) substantially all of the assets of which constitute equity interests (or equity interests and indebtedness) of Subsidiaries that are “controlled foreign corporations” within the meaning of Section 957 of the Code.

“Change in Law” means the occurrence, after the date of this Agreement, of any of the following: (a) the adoption or taking effect of any law, rule, regulation or treaty, (b) any change in any law, rule, regulation or treaty or in the administration, interpretation, implementation or application thereof by any Governmental Authority or (c) the making or issuance of any request, rule, guideline or directive (whether or not having the force of law) by any Governmental Authority; provided that notwithstanding anything herein to the contrary, (i) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith or in the implementation thereof and (ii) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a “Change in Law”, regardless of the date enacted, adopted, issued or implemented.

“Change of Control” means an event or series of events by which:

(a) any “person” or “group” (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act, but excluding any employee benefit plan of such person or its subsidiaries, and any person or entity acting in its capacity as trustee, agent or other fiduciary or administrator of any such plan) becomes the “beneficial owner” (as defined in Rules 13d-3 and 13d-5 under the Exchange Act, except that a person or group shall be deemed to have “beneficial ownership” of all securities that such person or group has the right to acquire, whether such right is exercisable immediately or only after the passage of time (such right, an “option right”)), directly or indirectly, of 35% or more of the equity securities of Carpenter entitled to vote for members of the board of directors or equivalent governing body of Carpenter on a fully-diluted basis (and taking into account all such securities that such person or group has the right to acquire pursuant to any option right); or

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

“Closing Date” means the first date all the conditions precedent in Section 4.01 are satisfied or waived in accordance with Section 11.01.

“CME” means CME Group Benchmark Administration Limited.

“Code” means the Internal Revenue Code of 1986, as amended and the rules and regulations promulgated thereunder.

“Collateral” means all of the “Collateral” referred to in the Collateral Documents and all of the other property that is or is intended under the terms of the Collateral Documents to be subject to Liens in favor of the Administrative Agent for the benefit of the Secured Parties, but excluding, for the avoidance of doubt, Excluded Property.

“Collateral Documents” means, collectively, the Security Agreement, each Security Joinder Agreement and any other agreement, instrument or document that creates or purports to create a Lien in favor of the Administrative Agent for the benefit of the Secured Parties.

“Commitment” means an AC Commitment or a USD Commitment, as the context may require.

“Committed Borrowing” means a Committed AC Borrowing or a Committed USD Borrowing, as the context may require.

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

“Committed AC Loan” has the meaning specified in Section 2.01(a). All Committed AC Loans denominated in an Alternative Currency or made to a Foreign Loan Party must be Alternative Currency Daily Rate Loans or Alternative Currency Term Rate Loans.

“Committed Loan” means a Committed AC Loan or a Committed USD Loan, as the context may require.

“Committed USD Borrowing” means a borrowing consisting of simultaneous Committed USD Loans of the same Type, in the same currency and, in the case of Term Rate Loans, having the same Interest Period made by each of the Lenders pursuant to Section 2.01(b).

“Committed USD Loan” has the meaning specified in Section 2.01(b).

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

“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.

“Communication” means this Agreement, any Loan Document and any document, amendment, approval, consent, information, notice, certificate, request, statement, disclosure or authorization related to any Loan Document.

“Compliance Certificate” has the meaning specified in Section 6.01(d).

“Conforming Changes” means, with respect to the use, administration of or any conventions associated with SOFR, Term SOFR, SONIA, Euribor, STIBOR, SORA or any proposed Successor Rate for an Agreed Currency, as applicable, any conforming changes to the definitions of “Base Rate”, “SOFR”, “Term SOFR”, “SONIA”, “Euribor”, “STIBOR”, “SORA” and “Interest Period”, timing and frequency of determining rates and making payments of interest and other technical, administrative or operational matters (including, for the avoidance of doubt, the definitions of “Business Day” and “U.S. Government Securities Business Day”, timing of borrowing requests or prepayment, conversion or continuation notices and length of lookback periods) as may be appropriate, in the discretion of the Administrative Agent, to reflect the adoption and implementation of such applicable rate(s) and to permit the administration thereof by the Administrative Agent in a manner substantially consistent with market practice for such Agreed Currency (or, if the Administrative Agent determines that adoption of any portion of such market practice is not administratively feasible or that no market practice for the administration of such rate for such Agreed Currency exists, in such other manner of administration as the Administrative Agent determines is reasonably necessary in connection with the administration of this Agreement and any other Loan Document).

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

“Consolidated Capitalization” means the sum of, without duplication, (a) Consolidated Indebtedness and (b) the consolidated stockholders’ equity (determined in accordance with GAAP) of the common and preferred stockholders of Carpenter recorded on Carpenter’s consolidated financial statements.

“Consolidated EBITDA” means, for any Measurement Period, the sum of (a) Consolidated Net Income for such period plus (b) an amount which, in the determination of Consolidated Net Income for such period, has been deducted for (i) Consolidated Interest Expense, (ii) provisions for Federal, state, local and foreign income, value added and similar taxes, (iii) depreciation, amortization (including, without limitation, amortization of goodwill and other intangibles but excluding amortization of prepaid cash expenses that were paid in a prior period) and other non-cash expense (but excluding any such non-cash expense to the extent that it represents amortization of a prepaid cash expense that was paid in a prior period or an accrual of, or a reserve for, cash charges or expenses in any future period) and (iv) cash expenses (as opposed to revenue losses) related to the COVID-19 pandemic, but limited to an amount, for any Measurement Period, not exceeding \$10,000,000; provided that, notwithstanding the foregoing, all (A) actuarially determined non-cash retiree medical expenses equivalent to any amount that is funded under the Voluntary Employee Beneficiary Association Trust established by Carpenter pursuant to Section 501(c)(9) of the Code and (B) actuarially determined non-cash income or expense related to a Pension Plan to the extent included in the income statement of Carpenter and its Consolidated Subsidiaries, shall be excluded from Consolidated Net Income under clause (b)(iii) above.

“Consolidated Indebtedness” means at any date the Indebtedness of Carpenter and its Consolidated Subsidiaries, determined on a consolidated basis as of such date.

“Consolidated Interest Expense” means, for any Measurement Period, the total interest expense, including the interest component of all payments under Finance Lease Obligations and the implied interest component of Synthetic Lease Obligations (regardless of whether accounted for as interest expense under GAAP), all commissions, discounts and other fees and charges owed with respect to letters of credit and bankers’ acceptances that are typically treated as interest expense in accordance with GAAP, of Carpenter and its Consolidated Subsidiaries, in each case as determined in accordance with GAAP and as determined on a consolidated basis for such period.

“Consolidated Net Income” means, for any Measurement Period, the net income (or net loss) after taxes of Carpenter and its Consolidated Subsidiaries for such period, as determined in accordance with GAAP; provided that there shall be excluded from the calculation of Consolidated Net Income non-operating, non-recurring gains and losses and extraordinary gains and losses of Carpenter and its Consolidated Subsidiaries; provided, further, that the net income of any Consolidated Subsidiary shall be excluded from Consolidated Net Income to the extent that the declaration or payment of dividends or similar distributions by such Consolidated Subsidiary from such income is not at the time permitted by the terms of its charter or by-laws or any judgment, decree, order, law, statute, rule, regulation, agreement, indenture or other instrument which is binding on such Consolidated Subsidiary.

“Consolidated Net Leverage Ratio” means, as of any date of determination, the ratio of (a) (i) Consolidated Indebtedness as of such date minus (ii) the amount as of the date of determination of domestically-held unrestricted cash and Cash Equivalents of the Loan Parties held in accounts on the consolidated balance sheet of the applicable Loan Party as of such date to the extent the use thereof for application to payment of Indebtedness is not prohibited by law or any contract to which any such Loan Party is a party and such cash and Cash Equivalents is not subject to any Lien and (iii) unrestricted cash and Cash Equivalents of Carpenter or its Subsidiaries held in non-domestic accounts with the Administrative Agent or any Affiliate thereof in an amount not to exceed the Dollar Equivalent of \$20,000,000; provided that the aggregate amount of clauses (ii) and (iii) shall not exceed \$100,000,000 *to* (b) Consolidated EBITDA for the period of the four fiscal quarters most recently ended.

“Consolidated Subsidiary” means with respect to any Person at any date any Subsidiary of such Person or other entity the accounts of which would be consolidated with those of such Person in its consolidated financial statements if such statements were prepared as of such date in accordance with GAAP.

“Consolidated Total Leverage Ratio” means, as of any date of determination, the ratio of (a) (i) Consolidated Indebtedness as of such date to (b) Consolidated EBITDA for the period of the four fiscal quarters most recently ended.

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

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

“Covered Entity” has the meaning specified in Section 11.22(b).

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

“Daily Simple SOFR” with respect to any applicable determination date means the SOFR published on such date on the Federal Reserve Bank of New York’s website (or any successor source).

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

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

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

“Defaulting Lender” means, subject to Section 2.18, any Lender that (a) has failed to (i) fund any portion of the Committed Loans, participations in L/C Obligations or participations in Swing Line Loans required to be funded by it hereunder within two Business Days of the date required to be funded by it hereunder unless such Lender notifies the Administrative Agent and Carpenter in writing that such failure is the result of such Lender’s determination that one or more conditions precedent to funding (each of which conditions precedent, together with any applicable default, shall be specifically identified in such writing) has not been satisfied, or (ii) pay to the Administrative Agent, the L/C Issuer, the 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 Line Loans) within two Business Days of the date when due, (b) has notified Carpenter, the Administrative Agent or the L/C Issuer or Swing Line Lender in writing that it does not intend to comply with its obligations under the Loan Documents, or has made a public statement to that effect (unless such writing or public statement relates to such Lender’s obligation to fund a Loan hereunder and states that such position is based on such Lender’s determination that a condition precedent to funding (which condition precedent, together with any applicable default, shall be specifically identified in such writing or public statement) cannot be satisfied), (c) has failed, within three Business Days after written request by the Administrative Agent or Carpenter, to confirm in writing to the Administrative Agent and Carpenter that it will comply with its prospective funding obligations hereunder (provided that such Lender shall cease to be a Defaulting Lender pursuant to this clause (c) upon receipt of such written confirmation by the Administrative Agent and Carpenter), or (d) has, or has a direct or indirect parent company that has, (i) become the subject of a proceeding under any Debtor Relief Law, (ii) had appointed for it a receiver, custodian, conservator, trustee, administrator, assignee for the benefit of creditors or similar Person charged with reorganization or liquidation of its business or assets, including the Federal Deposit Insurance Corporation or any other state or federal regulatory authority acting in such a capacity or (iii) become the subject of a Bail-In Action; provided that a Lender shall not be a Defaulting Lender solely by virtue of the ownership or acquisition of any equity interest in that Lender or any direct or indirect parent company thereof by a Governmental Authority so long as such ownership interest does not result in or provide such Lender with immunity from the jurisdiction of courts within the United States or from the enforcement of judgments or writs of attachment on its assets or permit such Lender (or such Governmental Authority) to reject, repudiate, disavow or disaffirm any contracts or agreements made with such Lender. Any determination by the Administrative Agent that a Lender is a Defaulting Lender under clauses (a) through (d) above shall be conclusive and binding absent manifest error, and such Lender shall be deemed to be a Defaulting Lender (subject to Section 2.18) upon delivery of written notice of such determination to Carpenter, the L/C Issuer, each Swing Line Lender and each Lender.

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

“Designated Lender” shall have the meaning set forth in Section 2.15.

“Disposition” or “Dispose” means the sale, transfer, license or other disposition (including any Sale/Leaseback Transaction) of any property by any Person, including any sale, assignment, transfer or other disposal, with or without recourse, of any notes, accounts receivable or payment intangible or any rights or claims associated therewith.

“Disqualified Stock” of any Person means any Equity Interest of such Person which by its terms (or by the terms of any security for which it is convertible or for which it is exchangeable or exercisable), or upon the happening of any event or condition (including an event which would constitute a Change of Control), (a) matures or is mandatorily redeemable or subject to any mandatory repurchase requirement, pursuant to a sinking fund or otherwise, (b) is convertible into or exchangeable for Indebtedness or Disqualified Stock, (c) is redeemable or subject to any repurchase requirement arising at the option of the holder thereof, in whole or in part, on or prior to the date that is ninety-one (91) days following the Latest Maturity Date or (d) provide for the scheduled payment of dividends in cash on or prior to the date that is ninety-one (91) days following the Latest Maturity Date; provided, however, that any Equity Interest in any Person that would not constitute Disqualified Stock but for the terms thereof giving holders thereof the right to require such Person to redeem or purchase such Equity Interest upon the occurrence of an asset sale event or a Change of Control shall not constitute Disqualified Stock if any such requirement is subject to the prior repayment in full in cash of all Obligations, the cancellation or expiration of all Letters of Credit and the termination of the Commitments.

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

“Dollar Equivalent” means, for any amount, at the time of determination thereof, (a) if such amount is expressed in Dollars, such amount, (b) if such amount is expressed in an Alternative Currency, the equivalent of such amount in Dollars determined by using the rate of exchange for the purchase of Dollars with the Alternative Currency last provided (either by publication or otherwise provided to the Administrative Agent or the L/C Issuer, as applicable) by the applicable Bloomberg source (or such other publicly available source for displaying exchange

rates) on date that is two (2) Business Days immediately preceding the date of determination (or if such service ceases to be available or ceases to provide such rate of exchange, the equivalent of such amount in Dollars as determined by the Administrative Agent or the L/C Issuer, as applicable, using any method of determination it deems appropriate in its sole discretion) and (c) if such amount is denominated in any other currency, the equivalent of such amount in Dollars as determined by the Administrative Agent or the L/C Issuer, as applicable, using any method of determination it deems appropriate in its sole discretion. Any determination by the Administrative Agent or the L/C Issuer pursuant to clauses (b) or (c) above shall be conclusive absent manifest error.

“Domestic Borrower” means any Borrower that is organized under the laws of any political subdivision of the United States; *provided that* a CFC Holdco or a Subsidiary of a Foreign Subsidiary shall not be a Domestic Borrower.

“Domestic Loan Party” means any Loan Party that is organized under the laws of any political subdivision of the United States; *provided that* a CFC Holdco or a Subsidiary of a Foreign Subsidiary shall not be a Domestic Loan Party.

“Domestic Subsidiary” means any Subsidiary that is organized under the laws of any political subdivision of the United States; *provided that* a CFC Holdco or a Subsidiary of a Foreign Subsidiary shall not be a Domestic Subsidiary.

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

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

“EEA Resolution Authority” means any public administrative authority or any Person entrusted with public administrative authority of any EEA Member Country (including any delegee) having responsibility for the resolution of any EEA Financial Institution.

“Electronic Copy” shall have the meaning specified in Section 11.18.

“Electronic Record” and “Electronic Signature” shall have the meanings assigned to them, respectively, by 15 USC §7006, as it may be amended from time to time.

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

“Eligible Currency” means any lawful currency other than Dollars that is readily available, freely transferable and convertible into Dollars in the international interbank market available to the Lenders or the L/C Issuer, as applicable, in such market and as to which a Dollar Equivalent may be readily calculated. If, after the designation by the Lenders or the L/C Issuer, as applicable, of any currency as an Alternative Currency (or if, with respect to any currency that constitutes an Alternative Currency on the Closing Date, after the Closing Date), any change in currency controls or exchange regulations or any change in the national or international financial, political or economic conditions are imposed in the country in which such currency is issued, results in, in the reasonable opinion of the Required Lenders (in the case of any Committed Loans to be denominated in an Alternative Currency) or the L/C Issuer (in the case of any Letter of Credit to be denominated in an Alternative Currency), (a) such currency no longer being readily available, freely transferable and convertible into Dollars, (b) a Dollar Equivalent no longer being readily calculable with respect to such currency, (c) providing such currency is impracticable for the Lenders or the L/C Issuer, as applicable, or (d) such currency no longer being a currency in which the Required Lenders are willing to make such Credit Extensions (each of clauses (a), (b), (c), and (d), a “Disqualifying Event”), then the Administrative Agent shall promptly notify the Lenders and Carpenter, and such country’s currency shall no longer be an Alternative Currency until such time as the Disqualifying Event(s) no longer exist. Within five (5) Business Days after receipt of such notice from the Administrative Agent, the Borrowers shall repay all Loans in such currency to which the Disqualifying Event applies or convert such Loans into the Dollar Equivalent of Loans in Dollars, subject to the other terms contained herein.

“Eligible Investments” means, as of any date of determination, the cash, Cash Equivalents and Marketable Securities which (a) are owned by Carpenter and held in banks or other financial institutions located in the United States, (b) are not subject to any Lien and (c) collectively, have an average credit quality rated by S&P as “A” or better and an average maturity not greater than 365 days.

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

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

“Equity Equivalents” means with respect to any Person any rights, warrants, options, convertible securities, exchangeable securities, indebtedness or other rights, in each case exercisable for or convertible or exchangeable into, directly or indirectly, Equity Interests of such Person or securities exercisable for or convertible or exchangeable into Equity Interests of such Person, whether at the time of issuance or upon the passage of time or the occurrence of some future event.

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

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

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

“ERISA Event” means (a) a Reportable Event with respect to a Pension Plan; (b) a withdrawal by any Borrower or any ERISA Affiliate from a Pension Plan subject to Section 4063 of ERISA during a plan year in which such entity was a “substantial employer” (as defined in Section 4001(a)(2) of ERISA) or a cessation of operations that is treated as such a withdrawal under Section 4062(e) of ERISA; (c) a complete or partial withdrawal by any Borrower or any ERISA Affiliate from a Multiemployer Plan or the receipt of notification that a Multiemployer Plan is in reorganization; (d) the filing of a notice of intent to terminate a Pension Plan, or the treatment of a Pension Plan amendment as a termination, under Section 4041 or 4041A of ERISA; (e) the institution by the PBGC of proceedings to terminate a Pension Plan; (f) any event or condition which constitutes grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Pension Plan; (g) with respect to any Pension Plan that is not a Multiemployer Plan, a reduction in the adjusted funding target attainment percentage (within the meaning of Section 436(j)(2) of the Code), as certified by the Plan’s actuary with respect to a plan year, or as deemed by operation of Section 436 of the Code in the absence of such certification, below 60%; (h) the receipt by any Borrower or an ERISA Affiliate of any notice that a Multiemployer Plan is in endangered or critical status or the determination that any Pension Plan that is not a Multiemployer Plan is in at-risk status; or (i) the imposition of any liability under Title IV of ERISA, other than for PBGC premiums due but not delinquent under Section 4007 of ERISA, upon any Borrower or any ERISA Affiliate.

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

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

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

“Exchange Act” means the Securities Exchange Act of 1934, as amended, and any successor statute thereto, together with the rules and regulations promulgated thereunder.

“Excluded Accounts” means any account of a Domestic Loan Party in which proceeds of Collateral are deposited or maintained but (i) which have a balance at any time of not greater than \$1,000,000 individually or \$5,000,000 in the aggregate for all such accounts or (ii) are not held with a financial institution in the United States.

“Excluded Property” means, with respect to any Loan Party, (a) all leasehold and owned real property, (b) Equity Interests in partnerships and joint ventures, (c) any Equity Interests of any Foreign Subsidiary or CFC Holdco that is not directly owned by a Loan Party, (d) any voting Equity Interests (within the meaning of United States Treasury Regulation Section 1.956-2(c)(2)), of any Foreign Subsidiary or CFC Holdco that is directly owned by a Loan Party to the extent that such Equity Interests represent more than 65% of the outstanding voting Equity Interests of such Foreign Subsidiary or CFC Holdco, (e) any property and assets the pledge of which would require governmental consent, approval, license or authorization or is otherwise prohibited by applicable law, (f) all foreign IP Rights, (g) any “intent-to-use” trademark applications prior to the filing of a “Statement of Use” or “Amendment to Allege Use” with respect thereto, to the extent, if any, that, and solely during the period, if any, in which, the grant of a security interest therein would impair the validity or enforceability of such intent-to-use trademark application under applicable federal law, (h) any equipment (and related intangibles) subject to a Permitted Lien securing purchase money Indebtedness, Finance Leases or Synthetic Lease Obligations permitted hereunder including any proceeds thereof and improvements, accessions and appurtenances thereto, (i) any other asset if the granting of a security interest in such asset would be prohibited by enforceable anti-assignment provisions of contracts or applicable law or with respect to any assets to the extent such a pledge would violate the terms of any contract or give another Person under such contract the right to terminate or accelerate the obligations under such contract with respect to such assets (in each case, after giving effect to the applicable anti-assignment provisions of the UCC or other applicable law) or would trigger termination pursuant to any “change of control” or similar provision of such contract, (j) motor vehicles and other assets subject to certificates of title, (k) commercial tort claims (other than to the extent such rights can be perfected by filing a UCC-1), (l) Excluded Accounts, (m) any particular asset, if the pledge thereof or the security interest could reasonably be expected to result in material adverse tax or regulatory consequences to any Loan Party, (n) assets (other than Equity Interest of any Foreign Subsidiary as required under the Loan Documents) to the extent that the creation or perfection of a security interest is governed by the laws of a jurisdiction other than the United States or any state thereof, and (o) those assets as to which the Administrative Agent and Carpenter reasonably determine that the cost of obtaining such a security interest or perfection thereof are excessive in relation to the benefit to the Lenders of the security to be afforded thereby.

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

“Excluded Taxes” means any of the following Taxes imposed on or with respect to any Recipient or required to be withheld or deducted from a payment to a Recipient, (a) Taxes imposed on or measured by net income (however denominated), franchise Taxes, and branch profits Taxes, in each case, (i) imposed as a result of such Recipient being organized under the laws of, or having its principal office or, in the case of any Lender, its Lending Office located in, the jurisdiction imposing such Tax (or any political subdivision thereof) or (ii) that are Other Connection Taxes, (b) in the case of a Lender, U.S. federal withholding Taxes imposed on amounts payable to or for the account of such Lender with respect to an applicable interest in a Loan or Commitment pursuant to a law in effect on the date on which (i) such Lender acquires such interest in the Loan or Commitment (other than pursuant to an assignment request by Carpenter under Section 11.13) or (ii) such Lender changes its Lending Office, except in each case to the extent that, pursuant to Section 3.01, amounts with respect to such Taxes were payable either to such Lender’s assignor immediately before such Lender became a party hereto or to such Lender immediately before it changed its Lending Office, (c) Taxes attributable to such Recipient’s failure to comply with Section 3.01(f) and (d) any withholding Taxes imposed pursuant to FATCA.

“Existing Credit Agreement” has the meaning specified in the introductory paragraphs hereto.

“Existing Letters of Credit” means the letters of credit described by the date of issuance, letter of credit number, undrawn amount, currency, name of beneficiary and date of expiry on Schedule 1.01.

“Facility” means the AC Facility or the USD Facility, as the context may require.

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

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

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

“Finance Lease” of any Person means any lease of (or other arrangement conveying the right to use) real or personal property, or a combination thereof, which obligations are required to be classified and accounted for as finance leases on a balance sheet of such Person under GAAP (subject to Section 1.03 hereof).

“Finance Lease Obligations” means, with respect to any Person, all obligations of such Person as lessee under Finance Leases, in each case taken at the amount capitalized thereof determined in accordance with GAAP (subject to Section 1.03 hereof).

“Foreign Benefit Plan” means any employee benefit plan, pension plan or welfare plan not subject to ERISA which is maintained or contributed to for the benefit of the employees of a Foreign Loan Party or its Subsidiaries which, under Applicable Law, (a) is required to be funded through a trust or similar funding vehicle or (b) creates or could result in a Lien on any property of such Foreign Loan Party or any of its Subsidiaries.

“Foreign Lender” means, with respect to any Borrower, (a) if such Borrower is a U.S. Person, a Lender that is not a U.S. Person, and (b) if such 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 (including such a Lender when acting in the capacity of the L/C Issuer). For purposes of this definition, the United States, each State thereof and the District of Columbia shall be deemed to constitute a single jurisdiction.

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

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

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

“Foreign Requirement of Law” means, as to any Person, any law (including common law), treaty, rule or regulation or judgment, decree, determination or award of an arbitrator or a court or other Governmental Authority other than the government of the United States, including without limitation, any Environmental Laws or exchange control, financial assistance, corporate benefit, corporate interest, absence of misuse of assets, minimum capitalization, fraudulent conveyance, mandatory labor advice or similar rules or regulations, in each case imposing a legal obligation or binding upon such Person or any of its property or to which such Person or any of its property is subject.

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

“Foreign Subsidiary Secured Obligations” means all unpaid principal of, accrued and unpaid interest and fees and reimbursement obligations, and all expenses, reimbursements, indemnities and other obligations under or with respect to, any loans, letters of credit, acceptances, guarantees, overdraft facilities, other credit extensions or accommodations or similar obligations owing by any Foreign Subsidiary to any Lender or any office, branch or Affiliate of such Lender and designated in writing by the Borrowers to the Administrative Agent as a “Foreign Subsidiary Secured Obligation” (each, a “Foreign Obligation Provider”); provided that for any of the foregoing to be included as a Secured Obligation on any date of determination by the Administrative Agent, the applicable Lender (other than the Administrative Agent or an Affiliate of the Administrative Agent) must have delivered a Secured Party Designation Notice to the Administrative Agent prior to such date of determination.

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

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

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

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

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

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

“Guaranteed Obligations” has the meaning specified in Section 10.01.

“Guarantors” means, collectively, (a) the Subsidiary Guarantors as are or may from time to time become parties to this Agreement pursuant to Section 10.12, and (b) with respect to Secured Obligations owing by any Loan Party or any of its Subsidiaries and any Swap Obligation of a Specified Loan Party (determined before giving effect to Sections 10.01 and 10.11) under the Guaranty, each Borrower.

“Guaranty” means, collectively, the Guarantee made by the Guarantors under Article X in favor of the Secured Parties, together with each other guaranty delivered pursuant to Section 10.12.

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

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

“Incremental Commitments” means Incremental Revolving Commitments and/or the Incremental Term Commitments.

“Incremental Revolving Commitment” has the meaning assigned to such term in Section 2.16(a).

“Incremental Term Commitments” has the meaning assigned to such term in Section 2.16(a).

“Incremental Term Loan Maturity Date” has the meaning assigned to such term in Section 2.16(c).

“Incremental Term Loans” means any loans made pursuant to any Incremental Term Commitments.

“Indebtedness” of any Person means at any date, without duplication, (a) all obligations of such Person for borrowed money, including, without limitation, obligations for borrowed money incurred by any Person in respect of any asset securitization transaction, (b) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments, (c) all obligations of such Person under conditional sale or other title retention agreements relating to property purchased by such Person to the extent of the value of such property (other than customary reservations or retentions of title under agreements with suppliers entered into in the ordinary course of business), (d) all obligations, other than intercompany items, of such Person to pay the deferred purchase price of property or services (other than trade accounts payable arising in the ordinary course of business and not past due for more than 60 days after the date on which such trade account was created), (e) the Attributable Indebtedness of such Person in respect of Finance Lease Obligations and Synthetic Lease Obligations (regardless of whether accounted for as indebtedness under GAAP), (f) all obligations of such Person to purchase securities or other property which arise out of or in connection with the sale of the same or substantially similar securities or property, (g) all non-contingent obligations (and, for purposes of Section 7.02 and Section 8.01(f), all contingent obligations) of such Person to reimburse any bank or other Person in respect of amounts paid under a letter of credit, bankers’ acceptance or similar instrument, (h) all Guarantees of such Person, (i) all Disqualified Stock of such Person, (j) the obligations of such Person in respect of any Swap Contract, calculated as the Swap Termination Value as of such date and (k) the Indebtedness of any other Person (including any partnership in which such Person is a general partner and any unincorporated joint venture in which such Person is a joint venturer) to the extent such Person would be liable therefor under Applicable Law or any agreement or instrument by virtue of such Person’s ownership interest in or other relationship with such entity, except to the extent the terms of such Indebtedness provide that such person shall not be liable therefor.

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

“Indemnitees” has the meaning specified in Section 11.04(b).

“Information” has the meaning specified in Section 11.07.

“Intercompany Debt” has the meaning specified in Section 7.02(d)

“Interest Coverage Ratio” means for any Measurement Period the ratio of (a) Consolidated EBITDA to (b) Consolidated Interest Expense for such period.

“Interest Payment Date” means, (a) as to any Base Rate Loan (including a Swing Line Loan), the last Business Day of each March, June, September and December and the Maturity Date (b) as to any Alternative Currency Daily Rate Loan, the last Business Day of each month and the Maturity Date and (c) as to any Term SOFR Loan or Alternative Currency Term Rate Loan, the last day of each Interest Period applicable to such Loan and the Maturity Date; provided, however, that if any Interest Period for a Term Rate Loan exceeds three months, the respective dates that fall every three months after the beginning of such Interest Period shall be Interest Payment Dates.

“Interest Period” means, as to each Term Rate Loan, the period commencing on the date such Term Rate Loan is disbursed or converted to or continued as a Term Rate Loan and ending on the date one, three or six months thereafter, as selected by Carpenter in its Committed Loan Notice (in each case, subject to availability for the interest rate applicable to the relevant currency), as selected by Carpenter in its Committed Loan Notice; provided that:

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

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

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

“Inventory” has the meaning specified in the Security Agreement.

“Investment” in any Person means (a) the acquisition (whether for cash, property, services, assumption of Indebtedness, securities or otherwise) of assets, shares of Equity Interests, bonds, notes, debentures, time deposits or other securities of such other Person, (b) any deposit with, or advance, loan or other extension of credit to or for the benefit of such Person (other than deposits made in connection with the purchase of equipment or inventory in the ordinary course of business) or (c) any other capital contribution to or investment in such Person, including by way of Guarantees of any obligation of such Person, any support for a letter of credit issued on behalf of such Person incurred for the benefit of such Person or in the case of any Subsidiary of Carpenter, any release, cancellation, compromise or forgiveness in whole or in part of any Indebtedness owing by such Subsidiary.

“IP Rights” has the meaning specified in Section 5.16.

“IRS” means the United States Internal Revenue Service.

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

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

“Joinder Agreement” means a joinder agreement substantially in the form of Exhibit K executed and delivered by a Subsidiary Guarantor in accordance with the provisions of Section 10.12.

“Krona” and “kr” mean the lawful currency of Sweden.

“Latest Maturity Date” means, as of any date of determination, the latest of the Maturity Date for the revolving credit facility provided hereunder and any Incremental Term Loan Maturity Date applicable to existing Incremental Term Loans.

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

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

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

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

“L/C Issuer” means Bank of America in its capacity as issuer of Letters of Credit hereunder, or any successor issuer of Letters of Credit hereunder.

“L/C Obligations” means, as at any date of determination, the aggregate amount available to be drawn under all outstanding Letters of Credit plus the aggregate of all Unreimbursed Amounts, including all L/C Borrowings. For purposes of computing the amount available to be drawn under any Letter of Credit, the amount of such Letter of Credit shall be determined in accordance with Section 1.09. For all purposes of this Agreement, if on any date of determination a Letter of Credit has expired by its terms but any amount may still be drawn thereunder by reason of the operation of Rule 3.14 of the ISP, such Letter of Credit shall be deemed to be “outstanding” in the amount so remaining available to be drawn.

“Lender” means each of the Persons identified as a “Lender” on the signature pages hereto, each other Person that becomes a “Lender” in accordance with this Agreement and, unless the context requires otherwise, includes the Swing Line Lender. The term “Lender” shall include any Designated Lender.

“Lender Parties” and “Lender Recipient Parties” mean, collectively, the Lenders, the Swing Line Lender and the L/C Issuer.

“Lending Office” means, as to the Administrative Agent, the L/C Issuer or any Lender, the office or offices of such Person described as such in such Person’s Administrative Questionnaire, or such other office or offices as such Person may from time to time notify Carpenter and the Administrative Agent; which office may include any Affiliate of such Person or any domestic or foreign branch of such Person or such Affiliate. Unless the context otherwise requires, each reference to a Lender shall include its applicable Lending Office.

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

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

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

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

“Letter of Credit Sublimit” means an amount equal to the lesser of (a) \$40,000,000 and (b) the Aggregate USD Commitments. The Letter of Credit Sublimit is part of, and not in addition to, the Aggregate USD Commitments.

“Lien” means, with respect to any asset, any mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), charge, or preference, priority or other security interest or preferential arrangement of any kind or nature whatsoever (including any conditional sale or other title retention agreement, any financing lease having substantially the same economic effect as any of the foregoing, and the filing of any financing statement under the Uniform Commercial Code or comparable Laws of any jurisdiction), including the interest of a purchaser of accounts receivable, chattel paper, payment intangibles or promissory notes.

“Limited Condition Acquisition” means any Acquisition that (a) is not prohibited hereunder, (b) is not conditioned on the availability of, or on obtaining, third-party financing and (c) is completed within 180 days of the execution of the definitive purchase agreement for such Acquisition.

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

“Loan Documents” means this Agreement, each Subsidiary Borrower Request and Assumption Agreement, each Joinder Agreement, each Note, each Issuer Document, the Bank of America Fee Letter, the Guaranty, the Collateral Documents, any agreement creating or perfecting rights in Cash Collateral pursuant to the provisions of Section 2.17, all other certificates, agreements, documents and instruments executed and delivered, in each case, by or on behalf of any Loan Party pursuant to the foregoing (but specifically excluding any Secured Hedge Agreement or any Secured Cash Management Agreement) and any amendments, modifications or supplements thereto or to any other Loan Document or waivers hereof or to any other Loan Document.

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

“Marketable Securities” means the U.S. Government and Government-guaranteed agency securities, U.S. Government-sponsored agency obligations, corporate debt and other obligations permitted for investment by Carpenter and all of its Wholly-Owned Subsidiaries in the “Policy Guidelines for Short-Term Excess Cash Investments,” dated as of April, 2020, furnished by Carpenter to the Administrative Agent, as modified and amended from time to time and reasonably satisfactory to the Administrative Agent.

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

“Material Adverse Effect” means (a) a material adverse change in, or a material adverse effect on, the operations, business, properties, liabilities (actual or contingent) or financial condition of Carpenter and its Subsidiaries taken as a whole; (b) a material impairment of the ability of the Loan Parties, taken as a whole, to perform their obligations under the Loan Documents; or (c) a material adverse effect upon the legality, validity, binding effect or enforceability against any Loan Party of the Loan Documents to which it is party.

“Maturity Date” means (a) with respect to the AC Facility, April 12, 2028, and (b) with respect to the USD Facility, April 12, 2028; provided, that if such date is not a Business Day, the Maturity Date shall be the next preceding Business Day.

“Measurement Period” means, at any date of determination, the most recently completed four (4) fiscal quarters of Carpenter and its Subsidiaries for which financial statements have been (or are required to have been) delivered in accordance with Section 6.01(a) and (b).

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

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

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

“Non-Consenting Lender” has the meaning specified in Section 11.13.

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

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

“Notice of Loan Prepayment” means a notice of prepayment with respect to a Loan, which shall be substantially in the form of Exhibit C or such other form as may be approved by the Administrative Agent (including any form on an electronic platform or electronic transmission system as shall be approved by the Administrative Agent), appropriately completed and signed by a Responsible Officer.

“Obligations” means (a) all advances to, and debts, liabilities, obligations, covenants and duties of, any Loan Party arising under any Loan Document or otherwise with respect to any Loan, or Letter of Credit and (b) all costs and expenses incurred in connection with enforcement and collection of the foregoing, including the fees, charges and disbursements of counsel, in each case whether direct or indirect (including those acquired by assumption), absolute or contingent, due or to become due, now existing or hereafter arising and including interest, expenses and fees that accrue after the commencement by or against any Loan Party or any Affiliate thereof pursuant to any proceeding under any Debtor Relief Laws naming such Person as the debtor in such proceeding, regardless of whether such interest, expenses and fees are allowed claims in such proceeding; provided that the Obligations of a Loan Party shall exclude any Excluded Swap Obligations with respect to such Loan Party.

“OFAC” means the Office of Foreign Assets Control of the U.S. Department of the Treasury.

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

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

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

“Other Taxes” means all present or future stamp, court or documentary, intangible, recording, filing or similar Taxes that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, any Loan Document, except any such Taxes that are Other Connection Taxes imposed with respect to an assignment (other than an assignment made pursuant to Section 11.13).

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

“Overnight Rate” means, for any day, (a) with respect to any amount denominated in Dollars, the greater of (i) the Federal Funds Rate and (ii) an overnight rate determined by the Administrative Agent, the L/C Issuer, or the Swing Line Lender, as the case may be, in accordance with banking industry rules on interbank compensation, and (b) with respect to any amount denominated in an Alternative Currency, an overnight rate determined by the Administrative Agent, as the case may be, in accordance with banking industry rules on interbank compensation.

“Participant” has the meaning specified in Section 11.06(d).

“Participant Register” has the meaning specified in Section 11.06(d).

“Participating Member State” means any member state of the European Union that has the Euro as its lawful currency in accordance with legislation of the European Union relating to Economic and Monetary Union.

“Patriot Act” has the meaning specified in Section 11.19.

“PBGC” means the Pension Benefit Guaranty Corporation.

“Pension Act” means the Pension Protection Act of 2006.

“Pension Funding Rules” means the rules of the Code and ERISA regarding minimum required contributions (including any installment payment thereof) to Pension Plans and set forth in, with respect to plan years ending prior to the effective date of the Pension Act, Section 412 of the Code and Section 302 of ERISA, each as in effect prior to the Pension Act and, thereafter, Section 412, 430, 431, 432 and 436 of the Code and Sections 302, 303, 304 and 305 of ERISA.

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

“Permitted Acquisition” means any Acquisition that meets all of the following requirements, which in the case of a Limited Condition Acquisition shall be subject to Section 1.11:

(a) the board of directors or other similar governing body of the Person to be acquired shall have approved such Acquisition (and, if requested, the Administrative Agent shall have received evidence, in form and substance reasonably satisfactory to the Administrative Agent, of such approval), except to the extent the proceeds of a Credit Extension are not used, directly or indirectly, to finance or refinance such purchase or other Acquisition; it being understood that this clause (a) shall not apply as to any purchase or other acquisition of any assets or Equity Interests in the context of a Bankruptcy Event or any related proceeding under applicable Debtor Relief Laws;

(b) the Person or business to be acquired shall be engaged in substantially the same or related line of business as Carpenter and its Subsidiaries are engaged in as of the Closing Date;

(c) if such Acquisition is a merger or consolidation, Carpenter or a Subsidiary of Carpenter shall be the surviving Person, and no Change in Control shall have been effected thereby;

(d) the Consolidated Net Leverage Ratio shall be less than 3.50 to 1.00 and Carpenter shall be in Pro Forma Compliance with the Interest Coverage Ratio, in each case on a proforma basis after giving effect to such Acquisition and any Indebtedness incurred in connection therewith and including all other transactions that are required to be given Pro Forma Effect under this Credit Agreement that have occurred since the date of the last financial statements delivered to the Administrative Agent pursuant to Section 6.01(a) or (b); and

(e) no Default or Event of Default shall have occurred and be continuing both before and after giving Pro Forma Effect to such Acquisition and any Indebtedness incurred in connection therewith.

“Permitted Lien” has the meaning set forth in Section 7.01.

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

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

“Platform” has the meaning specified in the last paragraph of Section 6.01.

“Pro Forma Basis” and “Pro Forma Effect” means, for any Disposition of all or substantially all of a division or a line of business or for any Restricted Payment, Investment or Acquisition or other transaction, whether actual or proposed, for purposes of determining compliance with the financial covenants set forth in Section 7.12, each such transaction or proposed transaction shall be deemed to have occurred on and as of the first day of the relevant Measurement Period, and the following pro forma adjustments shall be made:

(a) in the case of an actual or proposed Disposition, all income statement items (whether positive or negative) attributable to the line of business or the Person subject to such Disposition shall be excluded from the results of Carpenter and its Subsidiaries for such Measurement Period;

(b) in the case of an actual or proposed Acquisition, income statement items (whether positive or negative) attributable to the property, line of business or the Person subject to such Acquisition shall be included in the results of Carpenter and its Subsidiaries for such Measurement Period;

(c) interest accrued during the relevant Measurement Period on, and the principal of, any Indebtedness repaid or to be repaid or refinanced in such transaction shall be excluded from the results of Carpenter and its Subsidiaries for such Measurement Period;

(d) any Indebtedness actually or proposed to be incurred or assumed in such transaction shall be deemed to have been incurred as of the first day of the applicable Measurement Period, and interest thereon shall be deemed to have accrued from such day on such Indebtedness at the applicable rates provided therefor (and in the case of interest that does or would accrue at a formula or floating rate, at the rate in effect at the time of determination) and shall be included in the results of Carpenter and its Subsidiaries for such Measurement Period; and

(e) the above pro forma calculations shall be made in good faith by a financial or accounting officer of Carpenter who is a Responsible Officer

“Pro Forma Compliance” means, with respect to any transaction, that such transaction does not cause, create or result in a Default after giving Pro Forma Effect, based upon the results of operations for the most recently completed Measurement Period to (a) such transaction and (b) all other transactions which are contemplated or required to be given Pro Forma Effect hereunder that have occurred on or after the first day of the relevant Measurement Period.

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

“Public Lender” has the meaning specified in the last paragraph of Section 6.01.

“Purchase Money Indebtedness” means Indebtedness of Carpenter or any Subsidiary incurred for the purpose of financing all or any part of the purchase price or cost of construction or improvement of real or personal property used in the business of Carpenter or such Subsidiary.

“Qualified ECP Guarantor” shall mean, at any time, each Loan Party with total assets exceeding \$10,000,000 or that qualifies at such time as an “eligible contract participant” under the Commodity Exchange Act and can cause another person to qualify as an “eligible contract participant” at such time under §1a(18)(A)(v)(II) of the Commodity Exchange Act.

“Rate Determination Date” means two (2) Business Days prior to the commencement of such Interest Period (or such other day as is generally treated as the rate fixing day by market practice in such interbank market, as determined by the Administrative Agent; provided that to the extent such market practice is not administratively feasible for the Administrative Agent, then “Rate Determination Date” means such other day as otherwise reasonably determined by the Administrative Agent).

“Receivables” means any of the Loan Parties’ presently existing and hereafter arising or acquired accounts receivable, notes receivable and other rights to payment for goods sold or leased or for services rendered, whether or not they have been earned by performance, and all rights in any merchandise or goods which any of the same may represent, and all rights, title, security, guarantees, indemnities and warranties with respect to each of the foregoing, including, without limitation, any right of stoppage in transit, and any other assets which are customarily transferred, or in respect of which security interests are customarily granted, in connection with securitization transactions involving accounts receivables.

“Recipient” means the Administrative Agent, any Lender, the L/C Issuer or any other recipient of any payment to be made by or on account of any obligation of any Loan Party hereunder.

“Register” has the meaning specified in Section 11.06(c).

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

“Relevant Rate” means with respect to any Credit Extension denominated in (a) Dollars, SOFR, (b) Sterling, SONIA, (c) Euros, EURIBOR, (d) Canadian Dollars, the CDOR Rate, (e) Swedish Krona, STIBOR and (f) Singapore Dollars, the SORA Daily Rate, as applicable.

“Reportable Event” means any of the events set forth in Section 4043(c) of ERISA.

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

“Required AC Lenders” means, as of any date of determination, Lenders having more than 50% of the Aggregate AC Commitments or, if the commitment of each AC Lender to make Committed AC Loans has been terminated pursuant to Section 8.02, AC Lenders holding in the aggregate more than 50% of the Total AC Outstandings; provided that the Commitment of, and the portion of the Total AC Outstandings held or deemed held by, any Defaulting Lender under the AC Facility shall be excluded for purposes of making a determination of Required AC Lenders.

“Required USD Lenders” means, as of any date of determination, Lenders having more than 50% of the Aggregate USD Commitments or, if the commitment of each USD Lender to make Committed USD Loans and the obligation of the L/C Issuer to make L/C Credit Extensions have been terminated pursuant to Section 8.02, USD Lenders holding in the aggregate more than 50% of the Total USD Outstandings (with the aggregate amount of each such Lender’s risk participation and funded participation in L/C Obligations and Swing Line Loans being deemed “held” by such Lender for purposes of this definition); provided that the Commitment of, and the portion of the Total USD Outstandings held or deemed held by, any Defaulting Lender under the USD Facility shall be excluded for purposes of making a determination of Required USD Lenders.

“Required Lenders” means, as of any date of determination, Lenders having more than 50% of the Aggregate Commitments or, if the commitment of each Lender to make Loans and the obligation of the L/C Issuer to make L/C Credit Extensions have been terminated pursuant to Section 8.02, Lenders holding in the aggregate more than 50% of the Total Outstandings (with the aggregate amount of each Lender’s risk participation and funded participation in L/C Obligations and Swing Line Loans being deemed “held” by such Lender for purposes of this definition); provided that the Commitment of, and the portion of the Total Outstandings held or deemed held by, any Defaulting Lender shall be excluded for purposes of making a determination of Required Lenders.

“Rescindable Amount” has the meaning as defined in Section 2.13(b)(ii).

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

“Responsible Officer” means the chief executive officer, president, chief financial officer, treasurer, assistant treasurer or controller of a Loan Party, solely for purposes of the delivery of incumbency certificates, Organization Documents and resolutions pursuant to Section 4.01, the secretary or any assistant secretary of a Loan Party and, solely for purposes of notices given pursuant to Article II, any other officer or employee of the applicable Loan Party so designated by any of the foregoing officers in a notice to the Administrative Agent or any other officer or employee of the applicable Loan Party designated in or pursuant to an agreement between the applicable Loan Party and the Administrative Agent. Any document delivered hereunder that is signed by a Responsible Officer of a Loan Party shall be conclusively presumed to have been authorized by all necessary corporate, partnership and/or other action on the part of such Loan Party and such Responsible Officer shall be conclusively presumed to have acted on behalf of such Loan Party. To the extent requested by the Administrative Agent, each Responsible Officer will provide an incumbency certificate and to the extent requested by the Administrative Agent, appropriate authorization documentation, in form and substance reasonably satisfactory to the Administrative Agent.

“Restricted Payment” means any dividend or other distribution (whether in cash, securities or other property) with respect to any capital stock or other Equity Interest of Carpenter or any Subsidiary, or any payment (whether in cash, securities or other property), including any sinking fund or similar deposit, on account of the purchase, redemption, retirement, acquisition, cancellation or termination of any such capital stock or other Equity Interest, or on account of any return of capital to Carpenter’s stockholders, partners or members (or the equivalent Person thereof).

“Revaluation Date” means (a) with respect to any Alternative Currency Loan, each of the following: (i) each date of a Borrowing of an Alternative Currency Term Rate Loan, (ii) each date of a continuation of an Alternative Currency Term Rate Loan pursuant to Section 2.02, and (iii) such additional dates as the Administrative Agent shall determine or the Required AC Lenders shall require; and (b) with respect to any Letter of Credit, each of the following: (i) each date of issuance of a Letter of Credit denominated in an Alternative Currency, (ii) each date of an amendment of any such Letter of Credit having the effect of increasing the amount thereof (solely with respect to the increased amount), (iii) each date of any payment by the L/C Issuer under any Letter of Credit denominated in an Alternative Currency, (iv) in the case of all Existing Letters of Credit denominated in Alternative Currencies, the Closing Date, and (v) such additional dates as the Administrative Agent or the L/C Issuer shall determine or, the Required USD Lenders shall require.

“S&P” means Standard & Poor’s Financial Services LLC, a subsidiary of S&P Global, Inc. and any successor thereto.

“Sale/Leaseback Transaction” means any direct or indirect arrangement with any Person or to which any such Person is a party providing for the leasing to Carpenter or any of its Subsidiaries of any property, whether owned by Carpenter or any of its Subsidiaries as of the Closing Date or later acquired, which has been or is to be sold or transferred by Carpenter or any of its Subsidiaries to such Person or to any other Person from whom funds have been, or are to be, advanced by such Person on the security of such property

“Same Day Funds” means (a) with respect to disbursements and payments in Dollars, immediately available funds, and (b) with respect to disbursements and payments in an Alternative Currency, same day or other funds as may be determined by the Administrative Agent or the L/C Issuer, as the case may be, to be customary in the place of disbursement or payment for the settlement of international banking transactions in the relevant Alternative Currency.

“Sanction(s)” means any economic or financial sanctions or trade embargoes administered or enforced by the United States Government (including, without limitation, OFAC), the United Nations Security Council, the European Union, His Majesty’s Treasury (“HMT”) or other sanctions authority having jurisdiction over Carpenter and its Subsidiaries or their respective operations.

“Scheduled Unavailability Date” has the meaning specified in Section 3.03(b)(ii).

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

“Secured Cash Management Agreement” means any Cash Management Agreement between any Loan Party and any of its Subsidiaries and any Cash Management Bank.

“Secured Hedge Agreement” means any interest rate, currency, foreign exchange, or commodity Swap Contract required by or not prohibited under Article VI or VII between any Loan Party and any of its Subsidiaries and any Hedge Bank that is designated in writing by the Borrowers to the Administrative Agent as a “Secured Hedge Agreement”.

“Secured Obligations” means all Obligations, all Foreign Subsidiary Secured Obligations and all Additional Secured Obligations.

“Secured Parties” means, collectively, the Administrative Agent, the Lenders, the L/C Issuer, each Hedge Bank that is party to a Secured Hedge Agreement, the Cash Management Banks, Foreign Obligation Providers, the Indemnitees, each co-agent or sub-agent appointed by the Administrative Agent from time to time pursuant to Section 9.05 and each other holder from time to time of the Secured Obligations.

“Secured Party Designation Notice” means a notice from any Lender or an Affiliate, branch or office of a Lender substantially in the form of Exhibit L.

“Securities Act” means the Securities Act of 1933, as amended, and any successor statute thereto, together with the rules and regulations promulgated thereunder.

“Security Agreement” means the Amended and Restated Security Agreement, dated as of the Closing Date, executed by each of the Domestic Loan Parties in favor of the Administrative Agent for the benefit of the Secured Parties, including any Security Joinder Agreements as required by Section 6.14.

“Security Joinder Agreement” means any Security Joinder Agreement, substantially in the form thereof attached to the Security Agreement, executed and delivered by a Domestic Loan Party to the Administrative Agent.

“Senior Notes” means, collectively, the 2028 Notes and the 2030 Notes.

“Significant Subsidiaries” means, with respect to any Borrower, any significant subsidiary (as such term is defined in Regulation S-X of the SEC (17 C.F.R. §210.1-02(w)), or any successor provision) of such Borrower; provided, however, that, notwithstanding the foregoing, each Subsidiary Borrower shall constitute a Significant Subsidiary.

“SOFR” means the Secured Overnight Financing Rate as administered by the Federal Reserve Bank of New York (or a successor administrator).

“SOFR Adjustment” means 0.10% per annum.

“SOFR Administrator” means the Federal Reserve Bank of New York, as the administrator of SOFR, or any successor administrator of SOFR designated by the Federal Reserve Bank of New York or other Person acting as the SOFR Administrator at such time.

“SONIA” means, with respect to any applicable determination date, the Sterling Overnight Index Average Reference Rate published on the fifth Business Day preceding such date on the applicable Reuters screen page (or such other commercially available source providing such quotations as may be designated by the Administrative Agent from time to time); provided however that if such determination date is not a Business Day, SONIA means such rate that applied on the first Business Day immediately prior thereto.

“SONIA Adjustment” means, with respect to SONIA, 0.03262% per annum.

“SORA Adjustment” means, with respect to SORA Daily Rate, 0.08% per annum.

“SORA Daily Rate” means, in relation to any Business Day:

(a) the SORA Screen Rate for that Business Day; or

(b) if the SORA Screen Rate is not available for that Business Day, a reference rate, being a daily rate, designated, nominated or recommended as the replacement for SORA Daily Rate by the Monetary Authority of Singapore (and/or a committee officially endorsed or convened by the Monetary Authority of Singapore or any other person which takes over the administration of SORA Daily Rate); or

(c) if the SORA Screen Rate or a replacement rate referred to in clause (b) above is not available for that Business Day, a replacement rate, being a daily rate, selected by the Administrative Agent and agreed to by Carpenter, taking into account market conventions and regulatory guidance.

“SORA Screen Rate” means SORA Daily Rate as published by the Monetary Authority of Singapore (or any other person which takes over the publication of that rate) and is titled “SORA” at <https://eservices.mas.gov.sg/Statistics/dir/DomesticInterestRates.aspx> (or any replacement page which displays that rate) or on the appropriate page of such other information service which displays that rate from time to time in place of the Monetary Authority of Singapore, and if such page or service ceases to be available, the Administrative Agent may specify another page or service displaying the relevant rate.

“Special Notice Currency” means at any time an Alternative Currency, other than the currency of a country that is a member of the Organization for Economic Cooperation and Development at such time located in North America or Europe.

“Specified Loan Party” means any Loan Party that is not then an “eligible contract participant” under the Commodity Exchange Act (determined prior to giving effect to [Section 10.11](#)).

“Sterling” and “£” mean the lawful currency of the United Kingdom.

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

“Subsidiary Borrower” has the meaning specified in [Section 2.15](#).

“Subsidiary Borrower Notice” has the meaning specified in [Section 2.15](#).

“Subsidiary Borrower Request and Assumption Agreement” has the meaning specified in [Section 2.15](#).

“Subsidiary Guarantor” means any Domestic Subsidiary that has become a party hereto by execution of a Joinder Agreement.

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

“Swap Contract” means (a) any and all rate swap transactions, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward bond or forward bond price or forward bond index transactions, interest rate options, forward foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross-currency rate swap transactions, currency options, spot contracts, or any other similar transactions or any combination of any of the foregoing (including any options to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement, and (b) any and all transactions of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc., any International Foreign Exchange Master Agreement, or any other master agreement (any such master agreement, together with any related schedules, a “Master Agreement”), including any such obligations or liabilities under any Master Agreement.

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

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

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

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

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

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

“Swing Line Sublimit” means an amount equal to the lesser of (a) \$50,000,000 and (b) the Aggregate USD Commitments. The Swing Line Sublimit is part of, and not in addition to, the Aggregate USD Commitments.

“Synthetic Lease Obligation” means the monetary obligation of a Person under (a) a so-called synthetic, off-balance sheet or tax retention lease, or (b) an agreement for the use or possession of property creating obligations that do not appear on the balance sheet of such Person but which, upon the insolvency or bankruptcy of such Person, would be characterized as the indebtedness of such Person (without regard to accounting treatment).

“TARGET2” means the Trans-European Automated Real-time Gross Settlement Express Transfer payment system which utilizes a single shared platform and which was launched on November 19, 2007.

“TARGET Day” means any day on which TARGET2 (or, if such payment system ceases to be operative, such other payment system, if any, determined by the Administrative Agent to be a suitable replacement) is open for the settlement of payments in Euro.

“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 Rate Loan” means a Term SOFR Loan or an Alternative Currency Term Rate Loan, as applicable. Term Rate Loans may be denominated in Dollars or in an Alternative Currency.

“Term SOFR” means:

(a) for any Interest Period with respect to a Term SOFR Loan, the rate per annum equal to the Term SOFR Screen Rate two U.S. Government Securities Business Days prior to the commencement of such Interest Period with a term equivalent to such Interest Period; provided that if the rate is not published prior to 11:00 a.m. on such determination date then Term SOFR means the Term SOFR Screen Rate on the first U.S. Government Securities Business Day immediately prior thereto, in each case, plus the SOFR Adjustment for such Interest Period; and

(b) for any interest calculation with respect to a Base Rate Loan on any date, the rate per annum equal to the Term SOFR Screen Rate two U.S. Government Securities Business Days prior to such date with a term of one month commencing that day; provided that if the rate is not published prior to 11:00 a.m. on such determination date then Term SOFR means the Term SOFR Screen Rate on the first U.S. Government Securities Business Day immediately prior thereto, in each case, plus the SOFR Adjustment for such term;

provided that if Term SOFR determined in accordance with either of the foregoing provisions (a) or (b) of this definition would otherwise be less than 0.00%, Term SOFR shall be deemed to be 0.00% for purposes of this Agreement.

“Term SOFR Loan” means a Committed Loan that bears interest at a rate based on clause (a) of the definition of Term SOFR.

“Term SOFR Replacement Date” has the meaning specified in Section 3.03(b).

“Term SOFR Screen Rate” means the forward-looking SOFR term rate administered by CME (or any successor administrator satisfactory to the Administrative Agent) and published on the applicable Reuters screen page (or such other commercially available source providing such quotations as may be designated by the Administrative Agent from time to time).

“Term SOFR Successor Rate” has the meaning specified in Section 3.03(b).

“Total AC Outstandings” means the aggregate Outstanding Amount of all Committed AC Loans.

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

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

“Type” means with respect to a Committed Loan, its character as a Base Rate Loan, a Term SOFR Loan, an Alternative Currency Daily Rate Loan or an Alternative Currency Term Rate Loan.

“UCC” means the Uniform Commercial Code as in effect in the State of New York; provided that, if perfection or the effect of perfection or non-perfection or the priority of any security interest in any Collateral is governed by the Uniform Commercial Code as in effect in a jurisdiction other than the State of New York, “UCC” means the Uniform Commercial Code as in effect from time to time in such other jurisdiction for purposes of the provisions hereof relating to such perfection, effect of perfection or non-perfection or priority.

“UCP” means, with respect to any Letter of Credit, the Uniform Customs and Practice for Documentary Credits, International Chamber of Commerce (“ICC”) Publication No. 600 (or such later version thereof as may be in effect at the time of issuance).

“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 subject to 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.

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

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

“U.S. Government Securities Business Day” means any Business Day, except any Business Day on which any of the Securities Industry and Financial Markets Association, the New York Stock Exchange or the Federal Reserve Bank of New York is not open for business because such day is a legal holiday under the federal laws of the United States or the laws of the State of New York, as applicable.

“U.S. Person” means any Person that is a “United States person” as defined in Section 7701(a)(30) of the Code.

“U.S. Tax Compliance Certificate” has the meaning specified in Section 3.01(f)(ii)(B)(III).

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

“USD Facility” means, at any time, the revolving credit facility provided in this Agreement pursuant to the Aggregate USD Commitments.

“USD Lender” means a Lender holding a USD Commitment.

“Wholly-Owned Subsidiary” means, with respect to any Person at any date, any Subsidiary of such Person all of the shares of capital stock or other ownership interests of which (except directors’ qualifying shares) are at the time directly or indirectly owned by such Person.

“Withholding Agent” means any Loan Party and the Administrative 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.

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

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

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

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

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

### **1.03 Accounting Terms.**

(a) Generally. All accounting terms not specifically or completely defined herein shall be construed in conformity with, and all financial data (including financial ratios and other financial calculations) required to be submitted pursuant to this Agreement shall be prepared in conformity with, GAAP applied on a consistent basis, as in effect from time to time, applied in a manner consistent with that used in preparing Carpenter’s 2022 Form 10-K, except as otherwise specifically prescribed herein.

(b) Changes in GAAP. If at any time any change in GAAP would affect the computation of any financial ratio or requirement set forth in any Loan Document (including, without limitation, compliance with any basket or carve-out set forth in any of the Loan Documents), and either Carpenter or the Required Lenders shall so request, the Administrative Agent, the Lenders and Carpenter shall negotiate in good faith to amend such ratio or requirement to preserve the original intent thereof in light of such change in GAAP (subject to the approval of the Required Lenders); provided that, until so amended, (i) such ratio or requirement shall continue to be computed in accordance with GAAP prior to such change therein and (ii) Carpenter shall provide to the Administrative Agent and the Lenders financial statements and other documents required under this Agreement or as reasonably requested hereunder setting forth a reconciliation between calculations of such ratio or requirement made before and after giving effect to such change in GAAP. Without limiting the foregoing, leases shall continue to be classified and accounted for on a basis consistent with that reflected in Carpenter's audited financial statements for the fiscal year ended December 31, 2015 for all purposes of this Agreement, notwithstanding the adoption by Carpenter of ASC 842 (including with respect to leases entered into after the date hereof).

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

**1.05 Exchange Rates; Currency Equivalents.**

(a) The Administrative Agent or the L/C Issuer, as applicable, shall determine the Dollar Equivalent amounts of Credit Extensions and Outstanding Amounts denominated in Alternative Currencies. Such Dollar Equivalent shall become effective as of such Revaluation Date and shall be the Dollar Equivalent of such amounts until the next Revaluation Date to occur. Except for purposes of financial statements delivered by Carpenter hereunder or calculating financial covenants hereunder or except as otherwise provided herein, the applicable amount of any currency (other than Dollars) for purposes of the Loan Documents shall be such Dollar Equivalent amount as so determined by the Administrative Agent or the L/C Issuer, as applicable.

(b) Wherever in this Agreement in connection with a Borrowing, conversion, continuation or prepayment of an Alternative Currency Loan or the issuance, amendment or extension of a Letter of Credit, an amount, such as a required minimum or multiple amount, is expressed in Dollars, but such Borrowing, Alternative Currency Loan or Letter of Credit is denominated in an Alternative Currency, such amount shall be the relevant Alternative Currency Equivalent of such Dollar amount (rounded to the nearest unit of such Alternative Currency, with 0.5 of a unit being rounded upward), as determined by the Administrative Agent or the L/C Issuer, as the case may be.

**1.06 Additional Alternative Currencies.**

(a) Carpenter may from time to time request that Alternative Currency Loans be made and/or Letters of Credit be issued in a currency other than those specifically listed in the definition of "Alternative Currency"; provided that such requested currency is an Eligible Currency. In the case of any such request with respect to the making of Alternative Currency Loans, such request shall be subject to the approval of the Administrative Agent and each Lender; and in the case of any such request with respect to the issuance of Letters of Credit, such request shall be subject to the approval of the Administrative Agent and the L/C Issuer.

(b) Any such request shall be made to the Administrative Agent not later than 11:00 a.m., twenty (20) Business Days prior to the date of the desired Credit Extension (or such other time or date as may be agreed by the Administrative Agent and, in the case of any such request pertaining to Letters of Credit, the L/C Issuer, in its or their sole discretion). In the case of any such request pertaining to Alternative Currency Loans, the Administrative Agent shall promptly notify each Lender thereof; and in the case of any such request pertaining to Letters of Credit, the Administrative Agent shall promptly notify the L/C Issuer thereof. Each Lender (in the case of any such request pertaining to Alternative Currency Loans) or the L/C Issuer (in the case of a request pertaining to Letters of Credit) shall notify the Administrative Agent, not later than 11:00 a.m., ten (10) Business Days after receipt of such request whether it consents, in its sole discretion, to the making of Alternative Currency Loans or the issuance of Letters of Credit, as the case may be, in such requested currency.

(c) Any failure by a Lender or the L/C Issuer, as the case may be, to respond to such request within the time period specified in the preceding sentence shall be deemed to be a refusal by such Lender or the L/C Issuer, as the case may be, to permit Alternative Currency Loans to be made or Letters of Credit to be issued in such requested currency. If the Administrative Agent and all the Lenders consent to making Alternative Currency Loans in such requested currency and the Administrative Agent and such Lenders reasonably determine that an appropriate interest rate is available to be used for such requested currency, the Administrative Agent shall so notify Carpenter and (i) the Administrative Agent and such Lenders may amend the definition of Alternative Currency Daily Rate or Alternative Currency Term Rate to the extent necessary to add the applicable rate for such currency and any applicable adjustment for such rate and (ii) to the extent the definition of Alternative Currency Daily Rate or Alternative Currency Term Rate, as applicable, has been amended to reflect the appropriate rate for such currency, such currency shall thereupon be deemed for all purposes to be an Alternative Currency for purposes of any Borrowings of Alternative Currency Loans. If the Administrative Agent and the L/C Issuer consent to the issuance of Letters of Credit in such requested currency, the Administrative Agent shall so notify Carpenter and (i) the Administrative Agent and the L/C Issuer may amend the definition of Alternative Currency Daily Rate or Alternative Currency Term Rate, as applicable, to the extent necessary to add the applicable rate for such currency and any applicable adjustment for such rate and (ii) to the extent the definition of Alternative Currency Daily Rate or Alternative Currency Term Rate, as applicable, has been amended to reflect the appropriate rate for such currency, such currency shall thereupon be deemed for all purposes to be an Alternative Currency, for purposes of any Letter of Credit issuances. If the Administrative Agent shall fail to obtain consent to any request for an additional currency under this Section 1.06, the Administrative Agent shall promptly so notify Carpenter.

#### **1.07 Change of Currency.**

(a) Each obligation of the Borrowers to make a payment denominated in the national currency unit of any member state of the European Union that adopts the Euro as its lawful currency after the date hereof shall be redenominated into Euro at the time of such adoption. If, in relation to the currency of any such member state, the basis of accrual of interest expressed in this Agreement in respect of that currency shall be inconsistent with any convention or practice in the interbank market for the basis of accrual of interest in respect of the Euro, such expressed basis shall be replaced by such convention or practice with effect from the date on which such member state adopts the Euro as its lawful currency; provided that, if any Borrowing in the currency of such member state is outstanding immediately prior to such date, such replacement shall take effect, with respect to such Borrowing, at the end of the then current Interest Period.

(b) Each provision of this Agreement shall be subject to such reasonable changes of construction as the Administrative Agent may from time to time specify to be appropriate to reflect the adoption of the Euro by any member state of the European Union and any relevant market conventions or practices relating to the Euro.

(c) Each provision of this Agreement also shall be subject to such reasonable changes of construction as the Administrative Agent may from time to time specify to be appropriate to reflect a change in currency of any other country and any relevant market conventions or practices relating to the change in currency.

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

**1.09 Letter of Credit Amounts.** Unless otherwise specified herein, the amount of a Letter of Credit at any time shall be deemed to be the Dollar Equivalent of the stated amount of such Letter of Credit in effect at such time; provided, however, that with respect to any Letter of Credit that, by its terms or the terms of any Issuer Document related thereto, provides for one or more automatic increases in the stated amount thereof, the amount of such Letter of Credit shall be deemed to be the Dollar Equivalent of the maximum stated amount of such Letter of Credit after giving effect to all such increases, whether or not such maximum stated amount is in effect at such time.

**1.10 Interest Rates.** The Administrative Agent does not warrant, nor accept responsibility, nor shall the Administrative Agent have any liability with respect to the administration, submission or any other matter related to any reference rate referred to herein or with respect to any rate (including, for the avoidance of doubt, the selection of such rate and any related spread or other adjustment) that is an alternative or replacement for or successor to any such rate (including, without limitation, any Successor Rate or Canadian Benchmark Replacement) (or any component of any of the foregoing) or the effect of any of the foregoing, or of any Conforming Changes or Canadian Benchmark Replacement Conforming Changes. The Administrative Agent and its affiliates or other related entities may engage in transactions or other activities that affect any reference rate referred to herein, or any alternative, successor or replacement rate (including, without limitation, any Successor Rate or Canadian Benchmark Replacement) (or any component of any of the foregoing) or any related spread or other adjustments thereto, in each case, in a manner adverse to any Borrower. The Administrative Agent may select information sources or services in its reasonable discretion to ascertain any reference rate referred to herein or any alternative, successor or replacement rate (including, without limitation, any Successor Rate or Canadian Benchmark Replacement) (or any component of any of the foregoing), in each case pursuant to the terms of this Agreement, and shall have no liability to the Borrower, any Lender or any other person or entity for damages of any kind, including direct or indirect, special, punitive, incidental or consequential damages, costs, losses or expenses (whether in tort, contract or otherwise and whether at law or in equity), for any error or other action or omission related to or affecting the selection, determination, or calculation of any rate (or component thereof) provided by any such information source or service.

**1.11 Limited Condition Acquisitions.** In the event that Carpenter notifies the Administrative Agent in writing that any proposed Acquisition is a Limited Condition Acquisition and that Carpenter wishes to test the conditions to such Acquisition and the Indebtedness that is to be used to finance such Acquisition in accordance with this Section 1.11, then, so long as agreed to by the Administrative Agent and the Lenders, the following provisions shall apply:

(a) any condition to such Limited Condition Acquisition or such Indebtedness that requires that no Default or Event of Default shall have occurred and be continuing at the time of such Limited Condition Acquisition or the incurrence of such Indebtedness, shall be satisfied if (i) no Default or Event of Default shall have occurred and be continuing at the time of the execution of the definitive purchase agreement, merger agreement or other acquisition agreement governing such Limited Condition Acquisition (the “LCA Test Date”) and (ii) no Event of Default under any of Section 8.01(a), 8.01(b), or 8.01(e) shall have occurred and be continuing both immediately before and immediately after giving effect to such Limited Condition Acquisition and any Indebtedness incurred in connection therewith (including any such additional Indebtedness);

(b) any condition to such Limited Condition Acquisition or such Indebtedness that the representations and warranties in this Agreement and the other Loan Documents shall be true and correct at the time of consummation of such Limited Condition Acquisition or the incurrence of such Indebtedness shall be deemed satisfied if (i) all representations and warranties in this Agreement and the other Loan Documents are true and correct in all material respects (except for any representation and warranty that is qualified by materiality or reference to Material Adverse Effect, which such representation and warranty shall be true and correct in all respects) as of the LCA Test Date, or if such representation speaks as of an earlier date, as of such earlier date and (ii) as of the date of consummation of such Limited Condition Acquisition, (A) the representations and warranties under the relevant definitive agreement governing such Limited Condition Acquisition as are material to the lenders providing such Indebtedness shall be true and correct, but only to the extent that Carpenter or its applicable Subsidiary has the right to terminate its obligations under such agreement or otherwise decline to close such Limited Condition Acquisition as a result of a breach of such representations and warranties or the failure of those representations and warranties to be true and correct and (B) certain of the representations and warranties in this Agreement and the other Loan Documents which are customary for similar “funds certain” financings and required by the lenders providing such Indebtedness shall be true and correct in all material respects (except for any representation and warranty that is qualified by materiality or reference to Material Adverse Effect, which such representation and warranty shall be true and correct in all respects);

(c) any financial ratio test or condition to be tested in connection with such Limited Condition Acquisition and the availability of such Indebtedness will be tested as of the LCA Test Date, in each case, after giving effect to the relevant Limited Condition Acquisition and related incurrence of Indebtedness, on a Pro Forma Basis where applicable, and, for the avoidance of doubt, (i) such ratios and baskets shall not be tested at the time of consummation of such Limited Condition Acquisition and (ii) if any of such ratios are exceeded or conditions are not met following the LCA Test Date, but prior to the closing of such Limited Condition Acquisition, as a result of fluctuations in such ratio or amount (including due to fluctuations in Consolidated EBITDA of Carpenter or the Person subject to such Limited Condition Acquisition), at or prior to the consummation of the relevant transaction or action, such ratios will not be deemed to have been exceeded and such conditions will not be deemed unmet as a result of such fluctuations solely for purposes of determining whether the relevant transaction or action is permitted to be consummated or taken;

(d) except as provided in the next sentence, in connection with any subsequent calculation of any ratio or basket on or following the relevant LCA Test Date and prior to the earlier of the date on which such Limited Condition Acquisition is consummated and the date that the definitive agreement for such Limited Condition Acquisition is terminated or expires without consummation of such Limited Condition Acquisition, any such ratio or basket shall be calculated (i) on a Pro Forma Basis assuming such Limited Condition Acquisition and other transactions in connection therewith (including the incurrence or assumption of Indebtedness) have been consummated and (ii) assuming such Limited Condition Acquisition and other transactions in connection therewith (including the incurrence or assumption of Indebtedness) have not been consummated. Notwithstanding the foregoing, any calculation of a ratio in connection with determining the Applicable Rate and determining whether or not the Borrower is in compliance with the financial covenants set forth in Section 7.12 shall, in each case be calculated assuming such Limited Condition Acquisition and other transactions in connection therewith (including the incurrence or assumption of Indebtedness) have not been consummated.

The foregoing provisions shall apply with similar effect during the pendency of multiple Limited Condition Acquisitions such that each of the possible scenarios is separately tested.

## ARTICLE II THE COMMITMENTS AND CREDIT EXTENSIONS

### 2.01 Committed Loans.

(a) Committed AC Loans. Subject to the terms and conditions set forth herein, each Lender with an AC Commitment severally agrees to make loans (each such loan, a "Committed AC Loan") to the Borrowers in Dollars or one or more Alternative Currencies from time to time, on any Business Day during the Availability Period, in an aggregate amount not to exceed at any time outstanding the amount of such Lender's AC Commitment; provided, however, that after giving effect to any Committed AC Borrowing, (a) the Total AC Outstandings shall not exceed the Aggregate AC Commitments, and (b) the aggregate Outstanding Amount of the Committed AC Loans of any Lender shall not exceed such Lender's AC Commitment. Within the limits of each Lender's AC Commitment, and subject to the other terms and conditions hereof, the Borrowers may borrow under this Section 2.01(a), prepay under Section 2.06, and reborrow under this Section 2.01(a). Committed AC Loans may be Base Rate Loans, Term SOFR Loans, Alternative Currency Daily Rate Loans or Alternative Currency Term Rate Loans, as further provided herein.

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

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

(a) Each Committed Borrowing, each conversion of Committed Loans from one Type to the other, and each continuation of a Term Rate Loan shall be made upon Carpenter’s irrevocable notice to the Administrative Agent, which may be given by: (A) telephone or (B) a Committed Loan Notice; provided that any telephonic notice must be confirmed immediately by delivery to the Administrative Agent of a Committed Loan Notice. Each such Committed Loan Notice must be received by the Administrative Agent not later than 11:00 a.m. (i) two Business Days prior to the requested date of any Borrowing of, conversion to or continuation of Term SOFR Loans or of any conversion of Term SOFR Loans to Base Rate Committed Loans, (ii) in the case of Alternative Currency Loans, 11:00 a.m. four Business Days (or five Business Days in the case of a Special Notice Currency) prior to the requested date of any Borrowing or, in the case of Alternative Currency Term Rate Loans, any continuation, and (iii) on the requested date of any Borrowing of Base Rate Committed Loans. Each Borrowing of, conversion to or continuation of Term SOFR Loans and Alternative Currency Loans shall be in a principal amount of the Dollar Equivalent of \$2,000,000 or a whole multiple of the Dollar Equivalent of \$1,000,000 in excess thereof. Except as provided in Sections 2.04(c) and 2.05(c), each Committed Borrowing of or conversion to Base Rate Committed Loans shall be in a principal amount of the Dollar Equivalent of \$1,000,000 or a whole multiple of the Dollar Equivalent of \$100,000 in excess thereof. Each Committed Loan Notice shall specify (i) whether Carpenter is requesting a Committed AC Borrowing, a Committed USD Borrowing, a conversion of Committed AC Loans or Committed USD Loans from one Type to the other, or a continuation of Term SOFR Loans or Alternative Currency Term Rate Loans, (ii) the requested date of the Borrowing, conversion or continuation, as the case may be (which shall be a Business Day), (iii) the principal amount of Committed Loans to be borrowed, converted or continued, (iv) the Type of Loans to be borrowed or to which existing Committed AC Loans or Committed USD Loans are to be converted, (v) if applicable, the duration of the Interest Period with respect thereto, (vi) the currency of the Committed AC Loans to be borrowed, and (vii) if applicable, the Subsidiary Borrower. If Carpenter fails to specify a currency in a Committed Loan Notice requesting a Committed AC Borrowing, then the Committed AC Loans so requested shall be made in Dollars. If Carpenter fails to specify a Type of Committed Loan in a Committed Loan Notice or if Carpenter fails to give a timely notice requesting a conversion or continuation, then the applicable Committed AC Loans or Committed USD Loans shall be made as, or converted to, Base Rate Loans; provided, however, that in the case of a failure to timely request a continuation of Committed AC Loans which are Alternative Currency Term Rate Loans, such Loans shall be continued as Alternative Currency Term Rate Loans in their original currency with an Interest Period of one month. Any automatic conversion to Base Rate Loans shall be effective as of the last day of the Interest Period then in effect with respect to the applicable Term Rate Loans. If Carpenter requests a Borrowing of, conversion to, or continuation of Term Rate Loans in any such Committed Loan Notice, but fails to specify an Interest Period, it will be deemed to have specified an Interest Period of one month. Except as provided in Sections 2.13(a) and 3.03, no Committed Loan may be converted into or continued as a Committed AC Loan denominated in a different currency, but instead must be repaid in the original currency of such Committed AC Loan and reborrowed in the other currency.

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

(c) Except as otherwise provided herein, a Term Rate Loan may be continued or converted only on the last day of an Interest Period for such Term Rate Loan. During the existence of a Default, no Loans may be requested as, converted to or continued as Term Rate Loans (whether in Dollars or any Alternative Currency) without the consent of the Required Lenders, and the Required Lenders may demand that any or all of the then outstanding Term Rate Loans denominated in an Alternative Currency be prepaid, or redenominated into Dollars in the amount of the Dollar Equivalent thereof, on the last day of the then current Interest Period with respect thereto.

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

(e) Notwithstanding anything to the contrary in this Agreement, any Lender may exchange, continue or rollover all of the portion of its Loans in connection with any refinancing, extension, loan modification or similar transaction permitted by the terms of this Agreement, pursuant to a cashless settlement mechanism approved by Carpenter, the Administrative Agent, and such Lender.

(f) With respect to any Alternative Currency Daily Rate, Term SOFR or SOFR, the Administrative Agent will have the right to make Conforming Changes or Canadian Benchmark Replacement 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 or Canadian Benchmark Replacement Conforming Changes will become effective without any further action or consent of any other party to this Agreement or any other Loan Document; provided that, with respect to any such amendment effected, the Administrative Agent shall post each such amendment implementing such Conforming Changes or Canadian Benchmark Replacement Conforming Changes to Carpenter and the Lenders reasonably promptly after such amendment becomes effective.

### **2.03 [Reserved].**

### **2.04 Letters of Credit.**

#### **(a) The Letter of Credit Commitment.**

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

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

(A) subject to Section 2.04(b)(iii), the expiry date of such requested Letter of Credit would occur more than twelve months after the date of issuance or last extension, unless the Required USD Lenders have approved such expiry date; or

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

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

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

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

(C) except as otherwise agreed by the Administrative Agent and the L/C Issuer, such Letter of Credit is in an initial stated amount less than \$50,000, in the case of a commercial Letter of Credit, or \$100,000, in the case of a standby Letter of Credit;

(D) except as otherwise agreed by the Administrative Agent and the L/C Issuer, such Letter of Credit is to be denominated in a currency other than Dollars or an Alternative Currency;

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

(F) the L/C Issuer does not as of the issuance date of the requested Letter of Credit issue Letters of Credit in the requested currency.

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

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

(vi) The L/C Issuer shall act on behalf of the USD Lenders with respect to any Letters of Credit issued by it and the documents associated therewith, and the L/C Issuer shall have all of the benefits and immunities (A) provided to the Administrative Agent in Article IX with respect to any acts taken or omissions suffered by the L/C Issuer in connection with Letters of Credit issued by it or proposed to be issued by it and Issuer Documents pertaining to such Letters of Credit as fully as if the term "Administrative Agent" as used in Article IX included the L/C Issuer with respect to such acts or omissions, and (B) as additionally provided herein with respect to the L/C Issuer.

(b) Procedures for Issuance and Amendment of Letters of Credit; Auto-Extension Letters of Credit.

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

(ii) Promptly after receipt of any Letter of Credit Application, the L/C Issuer will confirm with the Administrative Agent (by telephone or in writing) that the Administrative Agent has received a copy of such Letter of Credit Application from Carpenter and, if not, the L/C Issuer will provide the Administrative Agent with a copy thereof. Unless the L/C Issuer has received written notice from any USD Lender, the Administrative Agent or any Borrower, at least one Business Day prior to the requested date of issuance or amendment of the applicable Letter of Credit, that one or more applicable conditions contained in Article IV shall not then be satisfied, then, subject to the terms and conditions hereof, the L/C Issuer shall, on the requested date, issue a Letter of Credit for the account of Carpenter (or the applicable Subsidiary) or enter into the applicable amendment, as the case may be, in each case in accordance with the L/C Issuer's usual and customary business practices provided that any commercial Letter of Credit issued hereunder shall provide solely for cash payment upon presentation of a sight draft. Immediately upon the issuance of each Letter of Credit, each USD Lender shall be deemed to, and hereby irrevocably and unconditionally agrees to, purchase from the L/C Issuer a risk participation in such Letter of Credit in an amount equal to the product of such Lender's Applicable USD Percentage times the amount of such Letter of Credit.

(iii) If Carpenter so requests in any applicable Letter of Credit Application, the L/C Issuer may, in its sole and absolute discretion, agree to issue a Letter of Credit that has automatic extension provisions (each, an "Auto-Extension Letter of Credit"); provided that any such Auto-Extension Letter of Credit must permit the L/C Issuer to prevent any such extension at least once in each twelve-month period (commencing with the date of issuance of such Letter of Credit) by giving prior notice to the beneficiary thereof not later than a day (the "Non-Extension Notice Date") in each such twelve-month period to be agreed upon at the time such Letter of Credit is issued. Unless otherwise directed by the L/C Issuer, Carpenter shall not be required to make a specific request to the L/C Issuer for any such extension. Once an Auto-Extension Letter of Credit has been issued, the USD Lenders shall be deemed to have authorized (but may not require) the L/C Issuer to permit the extension of such Letter of Credit at any time to an expiry date not later than the Letter of Credit Expiration Date; provided, however, that the L/C Issuer shall not permit any such extension if (A) the L/C Issuer has determined that it would not be permitted, or would have no obligation, at such time to issue such Letter of Credit in its revised form (as extended) under the terms hereof (by reason of the provisions of clause (ii) or (iii) of Section 2.04(a) or otherwise), or (B) it has received notice (which may be by telephone or in writing) on or before the day that is seven Business Days before the Non-Extension Notice Date (1) from the Administrative Agent that the Required USD Lenders have elected not to permit such extension or (2) from the Administrative Agent, any USD Lender or Carpenter that one or more of the applicable conditions specified in Section 4.02 is not then satisfied, and in each such case directing the L/C Issuer not to permit such extension.

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

(c) Drawings and Reimbursements; Funding of Participations.

(i) Upon receipt from the beneficiary of any Letter of Credit of any notice of a drawing under such Letter of Credit, the L/C Issuer shall notify Carpenter and the Administrative Agent thereof. In the case of a Letter of Credit denominated in an Alternative Currency, Carpenter shall reimburse the L/C Issuer in such Alternative Currency, unless (A) the L/C Issuer (at its option) shall have specified in such notice that it will require reimbursement in Dollars, or (B) in the absence of any such requirement for reimbursement in Dollars, Carpenter shall have notified the L/C Issuer promptly following receipt of the notice of drawing that Carpenter will reimburse the L/C Issuer in Dollars. In the case of any such reimbursement in Dollars of a drawing under a Letter of Credit denominated in an Alternative Currency, the L/C Issuer shall notify Carpenter of the Dollar Equivalent of the amount of the drawing promptly following the determination thereof. Not later than 11:00 a.m. on the date of any payment by the L/C Issuer under a Letter of Credit to be reimbursed in Dollars, or the Applicable Time on the date of any payment by the L/C Issuer under a Letter of Credit to be reimbursed in an Alternative Currency (each such date, an "Honor Date"), Carpenter shall reimburse the L/C Issuer through the Administrative Agent in an amount equal to the amount of such drawing and in the applicable currency. In the event that (A) a drawing denominated in an Alternative Currency is to be reimbursed in Dollars pursuant to the second sentence in this Section 2.04(c)(i) and (B) the Dollar amount paid by Carpenter, whether on or after the Honor Date, shall not be adequate on the date of that payment to purchase in accordance with normal banking procedures a sum denominated in the Alternative Currency equal to the drawing, Carpenter agrees, as a separate and independent obligation, to indemnify the L/C Issuer for the loss resulting from its inability on that date to purchase the Alternative Currency in the full amount of the drawing. If Carpenter fails to so reimburse the L/C Issuer on the Honor Date, the Administrative Agent shall promptly notify each USD Lender of the Honor Date, the amount of the unreimbursed drawing (expressed in Dollars in the amount of the Dollar Equivalent thereof in the case of a Letter of Credit denominated in an Alternative Currency) (the "Unreimbursed Amount"), and the amount of such Lender's Applicable USD Percentage thereof. In such event, Carpenter shall be deemed to have requested a Committed USD Borrowing of Base Rate Loans to be disbursed on the Honor Date in an amount equal to the Unreimbursed Amount, without regard to the minimum and multiples specified in Section 2.02 for the principal amount of Base Rate Loans, but subject to the amount of the unutilized portion of the Aggregate USD Commitments and the conditions set forth in Section 4.02 (other than the delivery of a Committed Loan Notice). Any notice given by the L/C Issuer or the Administrative Agent pursuant to this Section 2.04(c)(i) may be given by telephone if immediately confirmed in writing; provided that the lack of such an immediate confirmation shall not affect the conclusiveness or binding effect of such notice.

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

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

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

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

(vi) If any USD Lender fails to make available to the Administrative Agent for the account of the L/C Issuer any amount required to be paid by such Lender pursuant to the foregoing provisions of this Section 2.04(c) by the time specified in Section 2.04(c)(ii), the L/C Issuer shall be entitled to recover from such Lender (acting through the Administrative Agent), on demand, such amount with interest thereon for the period from the date such payment is required to the date on which such payment is immediately available to the L/C Issuer at a rate per annum equal to the applicable Overnight Rate from time to time in effect, plus any administrative, processing or similar fees customarily charged by the L/C Issuer in connection with the foregoing. If such USD Lender pays such amount (with interest and fees as aforesaid), the amount so paid shall constitute such Lender's Committed USD Loan included in the relevant Committed USD Borrowing or L/C Advance in respect of the relevant L/C Borrowing, as the case may be. A certificate of the L/C Issuer submitted to any USD Lender (through the Administrative Agent) with respect to any amounts owing under this clause (vi) shall be conclusive absent manifest error.

(d) Repayment of Participations.

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

(ii) If any payment received by the Administrative Agent for the account of the L/C Issuer pursuant to Section 2.04(c)(i) is required to be returned under any of the circumstances described in Section 11.05 (including pursuant to any settlement entered into by the L/C Issuer in its discretion), each USD Lender shall pay to the Administrative Agent for the account of the L/C Issuer its Applicable USD Percentage thereof on demand of the Administrative Agent, plus interest thereon from the date of such demand to the date such amount is returned by such Lender, at a rate per annum equal to the applicable Overnight Rate from time to time in effect. The obligations of the USD Lenders under this clause shall survive the payment in full of the Obligations and the termination of this Agreement.

(e) Obligations Absolute. The obligation of Carpenter to reimburse the L/C Issuer for each drawing under each Letter of Credit and to repay each L/C Borrowing shall be absolute, unconditional and irrevocable, and shall be paid strictly in accordance with the terms of this Agreement under all circumstances, including the following:

(i) any lack of validity or enforceability of such Letter of Credit, this Agreement, or any other Loan Document;

(ii) the existence of any claim, counterclaim, setoff, defense or other right that Carpenter or any Subsidiary may have at any time against any beneficiary or any transferee of such Letter of Credit (or any Person for whom any such beneficiary or any such transferee may be acting), the L/C Issuer or any other Person, whether in connection with this Agreement, the transactions contemplated hereby or by such Letter of Credit or any agreement or instrument relating thereto, or any unrelated transaction;

(iii) any draft, demand, certificate or other document presented under such Letter of Credit proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect; or any loss or delay in the transmission or otherwise of any document required in order to make a drawing under such Letter of Credit;

(iv) waiver by the L/C Issuer of any requirement that exists for the L/C Issuer's protection and not the protection of Carpenter or any waiver by the L/C Issuer which does not in fact materially prejudice Carpenter;

(v) honor of a demand for payment presented electronically even if such Letter of Credit requires that demand be in the form of a draft;

(vi) any payment made by the L/C Issuer in respect of an otherwise complying item presented after the date specified as the expiration date of, or the date by which documents must be received under, such Letter of Credit if presentation after such date is authorized by the UCC, the ISP or the UCP, as applicable;

(vii) any payment by the L/C Issuer under such Letter of Credit against presentation of a draft or certificate that does not strictly comply with the terms of such Letter of Credit; or any payment made by the L/C Issuer under such Letter of Credit to any Person purporting to be a trustee in bankruptcy, debtor-in-possession, assignee for the benefit of creditors, liquidator, receiver or other representative of or successor to any beneficiary or any transferee of such Letter of Credit, including any arising in connection with any proceeding under any Debtor Relief Law;

(viii) any adverse change in the relevant exchange rates or in the availability of the relevant Alternative Currency to Carpenter or any Subsidiary or in the relevant currency markets generally; or

(ix) any other circumstance or happening whatsoever, whether or not similar to any of the foregoing, including any other circumstance that might otherwise constitute a defense available to, or a discharge of, Carpenter or any Subsidiary.

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

(f) Role of L/C Issuer. Each USD Lender and Carpenter agree that, in paying any drawing under a Letter of Credit, the L/C Issuer shall not have any responsibility to obtain any document (other than any sight draft, certificates and documents expressly required by the Letter of Credit) or to ascertain or inquire as to the validity or accuracy of any such document or the authority of the Person executing or delivering any such document. None of the L/C Issuer, the Administrative Agent, any of their respective Related Parties nor any correspondent, participant or assignee of the L/C Issuer shall be liable to any USD Lender for (i) any action taken or omitted in connection herewith at the request or with the approval of the USD Lenders or the Required USD Lenders, as applicable; (ii) any action taken or omitted in the absence of gross negligence or willful misconduct; or (iii) the due execution, effectiveness, validity or enforceability of any document or instrument related to any Letter of Credit or Issuer Document. Carpenter hereby assumes all risks of the acts or omissions of any beneficiary or transferee with respect to its use of any Letter of Credit; provided, however, that this assumption is not intended to, and shall not, preclude Carpenter's pursuing such rights and remedies as it may have against the beneficiary or transferee at law or under any other agreement. None of the L/C Issuer, the Administrative Agent, any of their respective Related Parties nor any correspondent, participant or assignee of the L/C Issuer shall be liable or responsible for any of the matters described in clauses (i) through (v) of Section 2.04(e); provided, however, that anything in such clauses to the contrary notwithstanding, Carpenter may have a claim against the L/C Issuer, and the L/C Issuer may be liable to Carpenter, to the extent, but only to the extent, of any direct, as opposed to consequential or exemplary, damages suffered by Carpenter which Carpenter proves were caused by the L/C Issuer's willful misconduct or gross negligence or the L/C Issuer's willful failure to pay under any Letter of Credit after the presentation to it by the beneficiary of a sight draft and certificate(s) strictly complying with the terms and conditions of a Letter of Credit. In furtherance and not in limitation of the foregoing, the L/C Issuer may accept documents that appear on their face to be in order, without responsibility for further investigation, regardless of any notice or information to the contrary, and the L/C Issuer shall not be responsible for the validity or sufficiency of any instrument transferring or assigning or purporting to transfer or assign a Letter of Credit or the rights or benefits thereunder or proceeds thereof, in whole or in part, which may prove to be invalid or ineffective for any reason. The L/C Issuer may send a Letter of Credit or conduct any communication to or from the beneficiary via the Society for Worldwide Interbank Financial Telecommunication ("SWIFT") message or overnight courier, or any other commercially reasonable means of communicating with a beneficiary.

(g) Applicability of ISP and UCP. Unless otherwise expressly agreed by the L/C Issuer and Carpenter when a Letter of Credit is issued (including any such agreement applicable to an Existing Letter of Credit), (i) the rules of the ISP shall apply to each standby Letter of Credit, and (ii) the rules of the Uniform Customs and Practice for Documentary Credits, as most recently published by the International Chamber of Commerce at the time of issuance shall apply to each commercial Letter of Credit. Notwithstanding the foregoing, the L/C Issuer shall not be responsible to Carpenter for, and the L/C Issuer's rights and remedies against Carpenter shall not be impaired by, any action or inaction of the L/C Issuer required or permitted under any law, order, or practice that is required or permitted to be applied to any Letter of Credit or this Agreement, including the Law or any order of a jurisdiction where the L/C Issuer or the beneficiary is located, the practice stated in the ISP or UCP, as applicable, or in the decisions, opinions, practice statements, or official commentary of the ICC Banking Commission, the Bankers Association for Finance and Trade - International Financial Services Association (BAFT-IFSA), or the Institute of International Banking Law & Practice, whether or not any Letter of Credit chooses such law or practice.

(h) Letter of Credit Fees. Carpenter shall pay to the Administrative Agent for the account of each USD Lender in accordance with its Applicable USD Percentage, in Dollars, a Letter of Credit fee (the "Letter of Credit Fee") for each Letter of Credit equal to the Applicable Rate times the Dollar Equivalent of the daily amount available to be drawn under such Letter of Credit; provided that any Letter of Credit Fees otherwise payable for the account of a Defaulting Lender with respect to any Letter of Credit as to which such Defaulting Lender has not provided Cash Collateral satisfactory to the L/C Issuer pursuant to this Section 2.04 shall be payable, to the maximum extent permitted by Applicable Law, to the other USD Lenders in accordance with the upward adjustments in their respective Applicable USD Percentages allocable to such Letter of Credit pursuant to Section 2.18(a), with the balance of such fee, if any, payable to the L/C Issuer for its own account. For purposes of computing the daily amount available to be drawn under any Letter of Credit, the amount of such Letter of Credit shall be determined in accordance with Section 1.09. Letter of Credit Fees shall be (i) due and payable on the first Business Day after the end of each March, June, September and December, commencing with the first such date to occur after the issuance of such Letter of Credit, on the Letter of Credit Expiration Date and thereafter on demand and (ii) computed on a quarterly basis in arrears. If there is any change in the Applicable Rate during any quarter, the daily amount available to be drawn under each Letter of Credit shall be computed and multiplied by the Applicable Rate separately for each period during such quarter that such Applicable Rate was in effect. Notwithstanding anything to the contrary contained herein, upon the request of the Required USD Lenders, while any Event of Default exists, all Letter of Credit Fees shall accrue at the Default Rate.

(i) Fronting Fee and Documentary and Processing Charges Payable to L/C Issuer. Carpenter shall pay directly to the L/C Issuer for its own account, in Dollars, a fronting fee (i) with respect to each commercial Letter of Credit, at the rate specified in the Bank of America Fee Letter, computed on the Dollar Equivalent of the amount of such Letter of Credit, and payable upon the issuance thereof, (ii) with respect to any amendment of a commercial Letter of Credit increasing the amount of such Letter of Credit, at a rate separately agreed between Carpenter and the L/C Issuer, computed on the Dollar Equivalent of the amount of such increase, and payable upon the effectiveness of such amendment, and (iii) with respect to each standby Letter of Credit, at the rate per annum specified in the Bank of America Fee Letter, computed on the Dollar Equivalent of the daily amount available to be drawn under such Letter of Credit on a quarterly basis in arrears; provided that, notwithstanding anything to the contrary in the Bank of America Fee Letter, all fronting fees on commercial Letters of Credit shall be paid as set forth above, by applying the rate specified in the Bank of America Fee Letter without any per annum adjustment and payable upon issuance or effectiveness, as applicable. Such fronting fee shall be due and payable on the tenth Business Day after the end of each March, June, September and December in respect of the most recently-ended quarterly period (or portion thereof, in the case of the first payment), commencing with the first such date to occur after the issuance of such Letter of Credit, on the Letter of Credit Expiration Date and thereafter on demand. For purposes of computing the daily amount available to be drawn under any Letter of Credit, the amount of such Letter of Credit shall be determined in accordance with Section 1.09. In addition, Carpenter shall pay directly to the L/C Issuer for its own account, in Dollars, the customary issuance, presentation, amendment and other processing fees, and other standard costs and charges, of the L/C Issuer relating to letters of credit as from time to time in effect. Such customary fees and standard costs and charges are due and payable on demand and are nonrefundable.

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

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

## 2.05 Swing Line Loans.

(a) The Swing Line. Subject to the terms and conditions set forth herein, the Swing Line Lender agrees, in its sole discretion (it being understood that unless a Default or an Event of Default has occurred and is continuing or any USD Lender is a Defaulting Lender (subject to Section 2.18), the Swing Line Lender anticipates funding Swing Line Loans in accordance with the terms hereof) and in reliance upon the agreements of the other Lenders set forth in this Section 2.05, to make loans in Dollars (each such loan, a "Swing Line Loan") to any Domestic Borrower from time to time on any Business Day during the Availability Period in an aggregate amount not to exceed at any time outstanding the amount of the Swing Line Sublimit, notwithstanding the fact that such Swing Line Loans, when aggregated with the Applicable USD Percentage of the Outstanding Amount of Committed USD Loans and L/C Obligations of the USD Lender acting as Swing Line Lender, may exceed the amount of such Lender's USD Commitment; provided, however, that after giving effect to any Swing Line Loan, (i) the Total USD Outstandings shall not exceed the Aggregate USD Commitments, and (ii) the aggregate Outstanding Amount of the Committed USD Loans of any USD Lender, plus such Lender's Applicable USD Percentage of the Outstanding Amount of all L/C Obligations, plus such Lender's Applicable USD Percentage of the Outstanding Amount of all Swing Line Loans shall not exceed such Lender's USD Commitment, and provided, further, that no Domestic Borrower shall use the proceeds of any Swing Line Loan to refinance any outstanding Swing Line Loan. Within the foregoing limits, and subject to the other terms and conditions hereof, each Domestic Borrower may borrow under this Section 2.05, prepay under Section 2.06, and reborrow under this Section 2.05. Each Swing Line Loan shall be a Base Rate Loan or a Loan bearing interest at such other interest rate as may be agreed between such Domestic Borrower and the Swing Line Lender from time to time. Immediately upon the making of a Swing Line Loan, each Lender shall be deemed to, and hereby irrevocably and unconditionally agrees to, purchase from the Swing Line Lender a risk participation in such Swing Line Loan in an amount equal to the product of such Lender's Applicable USD Percentage times the amount of such Swing Line Loan.

(b) Borrowing Procedures. Each Swing Line Borrowing shall be made upon any Domestic Borrower's irrevocable notice to the Swing Line Lender and the Administrative Agent, which may be given by: (A) telephone or (B) a Swing Line Loan Notice; provided that any telephonic notice must be confirmed immediately by delivery to the Swing Line Lender and the Administrative Agent of a Swing Line Loan Notice. Each such Swing Line Loan Notice must be received by the Swing Line Lender and the Administrative Agent not later than 1:00 p.m. on the requested borrowing date, and shall specify (i) the amount to be borrowed, which shall be a minimum of \$1,000,000 or a whole multiple of \$100,000 in excess thereof, and (ii) the requested borrowing date, which shall be a Business Day. Promptly after receipt by the Swing Line Lender of any telephonic Swing Line Loan Notice, the Swing Line Lender will confirm with the Administrative Agent (by telephone or in writing) that the Administrative Agent has also received such Swing Line Loan Notice and, if not, the Swing Line Lender will notify the Administrative Agent (by telephone or in writing) of the contents thereof. Unless the Swing Line Lender has received notice (by telephone or in writing) from the Administrative Agent (including at the request of any Lender) prior to 2:00 p.m. on the date of the proposed Swing Line Borrowing (A) directing the Swing Line Lender not to make such Swing Line Loan as a result of the limitations set forth in the first proviso to the first sentence of Section 2.05(a), or (B) that one or more of the applicable conditions specified in Article IV is not then satisfied, then, subject to the terms and conditions hereof, the Swing Line Lender will, not later than 3:00 p.m. on the borrowing date specified in such Swing Line Loan Notice, make the amount of its Swing Line Loan available to such Domestic Borrower at its office by crediting the account of such Domestic Borrower on the books of the Swing Line Lender in Same Day Funds.

(c) Refinancing of Swing Line Loans.

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

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

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

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

(d) Repayment of Participations.

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

(ii) If any payment received by the Swing Line Lender in respect of principal or interest on any Swing Line Loan is required to be returned by the Swing Line Lender under any of the circumstances described in Section 11.05 (including pursuant to any settlement entered into by the Swing Line Lender in its discretion), each Lender shall pay to the Swing Line Lender its Applicable USD Percentage thereof on demand of the Administrative Agent, plus interest thereon from the date of such demand to the date such amount is returned, at a rate per annum equal to the applicable Overnight Rate. The Administrative Agent will make such demand upon the request of the Swing Line Lender. The obligations of the USD Lenders under this clause shall survive the payment in full of the Obligations and the termination of this Agreement.

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

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

**2.06 Prepayments.** (a) The Borrowers may, upon notice from Carpenter to the Administrative Agent pursuant to delivery to the Administrative Agent of a Notice of Loan Prepayment, at any time or from time to time voluntarily prepay Committed Loans under a Facility in whole or in part without premium or penalty; provided that (i) such notice must be received by the Administrative Agent not later than 11:00 a.m. (A) two Business Days prior to any date of prepayment of Term SOFR Loans denominated in Dollars, (B) four Business Days (or five, in the case of prepayment of Loans denominated in Special Notice Currencies) prior to any date of prepayment of Alternative Currency Loans, and (C) on the date of prepayment of Base Rate Committed Loans; (ii) any prepayment of Term SOFR Loans or Alternative Currency Loans shall be in a principal amount of the Dollar Equivalent of \$1,000,000 or a whole multiple of the Dollar Equivalent of \$500,000 in excess thereof; and (iii) any prepayment of Base Rate Committed Loans shall be in a principal amount of \$500,000 or a whole multiple of \$100,000 in excess thereof or, in each case, if less, the entire principal amount thereof then outstanding. Each such notice shall specify the date, amount and currency of such prepayment, whether Committed AC Loans or Committed USD Loans are to be prepaid, and the Type(s) of Committed Loans to be prepaid and, if Term Rate Loans are to be prepaid, the Interest Period(s) of such Loans. The Administrative Agent will promptly notify each Lender of its receipt of each such notice, and of the amount of such Lender's Applicable Percentage in respect of the applicable Facility of such prepayment. If such notice is given by Carpenter, the Borrowers shall make such prepayment and the payment amount specified in such notice shall be due and payable on the date specified therein. Any prepayment of a Term Rate Loan shall be accompanied by all accrued interest on the amount prepaid, together with any additional amounts required pursuant to Section 3.05. Subject to Section 2.18, each such prepayment shall be applied to the Committed Loans of the Lenders under a Facility in accordance with their respective Applicable Percentages in respect of such Facility.

(b) [reserved].

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

(d) If the Administrative Agent notifies Carpenter at any time that the Total USD Outstandings at such time exceed an amount equal to the Aggregate USD Commitments then in effect, then, within one (1) Business Day after receipt of such notice, the Borrowers shall prepay Loans and/ Cash Collateralize the L/C Obligations in an aggregate amount sufficient to reduce such Outstanding Amount as of such date of payment to an amount not to exceed the Aggregate USD Commitments then in effect; provided, however, that Carpenter shall not be required to Cash Collateralize the L/C Obligations pursuant to this Section 2.06(d) unless after the prepayment in full of the Committed USD Loans the Total USD Outstandings exceed the Aggregate USD Commitments then in effect. The Administrative Agent may, at any time and from time to time after the initial deposit of such Cash Collateral, request that additional Cash Collateral be provided in order to protect against the results of further exchange rate fluctuations.

(e) If the Administrative Agent notifies Carpenter at any time that the Total AC Outstandings at such time exceeds an amount equal to 105% of the Aggregate AC Commitments then in effect, then, within two (2) Business Days after receipt of such notice, the Borrowers shall prepay Committed AC Loans in an aggregate amount sufficient to reduce such Outstanding Amount as of such date of payment to an amount not to exceed the Aggregate AC Commitments then in effect.

**2.07 Termination or Reduction of Commitments.** Carpenter may, upon notice to the Administrative Agent, terminate the Aggregate AC Commitments or the Aggregate USD Commitments, or from time to time permanently reduce the Aggregate AC Commitments or the Aggregate USD Commitments; provided that (i) any such notice shall be received by the Administrative Agent not later than 11:00 a.m. five Business Days prior to the date of termination or reduction, (ii) any such partial reduction shall be in an aggregate amount of \$10,000,000 or any whole multiple of \$1,000,000 in excess thereof, (iii) Carpenter shall not terminate or reduce (A) the Aggregate AC Commitments if, after giving effect thereto and to any concurrent prepayments hereunder, the Total AC Outstandings would exceed the Aggregate AC Commitments, (B) Aggregate USD Commitments if, after giving effect thereto and to any concurrent prepayments hereunder, the Total USD Outstandings would exceed the Aggregate USD Commitments and (iv) if, after giving effect to any reduction of the Aggregate USD Commitments, the Letter of Credit Sublimit, the Alternative Currency Letter of Credit Sublimit or the Swing Line Sublimit exceeds the amount of the Aggregate USD Commitments, such sublimit shall be automatically reduced by the amount of such excess. The Administrative Agent will promptly notify the Lenders of any such notice of termination or reduction of the Aggregate AC Commitments or the Aggregate USD Commitments. The amount of any such Aggregate USD Commitment reduction shall not be applied to the Letter of Credit Sublimit or the Alternative Currency Letter of Credit Sublimit unless otherwise specified by Carpenter. Any reduction of the Aggregate AC Commitments or the Aggregate USD Commitments shall be applied to the AC Commitment or USD Commitment, as applicable of each Lender according to its Applicable AC Percentage or its Applicable USD Percentage, as applicable. All fees accrued until the effective date of any termination of the Aggregate Commitments shall be paid on the effective date of such termination.

**2.08 Repayment of Loans.** (a) Each Borrower shall repay to the AC Lenders on the Maturity Date the aggregate principal amount of Committed AC Loans made to such Borrower outstanding on such date.

(b) Each Borrower shall repay to the USD Lenders on the Maturity Date the aggregate principal amount of Committed USD Loans made to such Borrower outstanding on such date.

(c) The Domestic Borrowers shall repay each Swing Line Loan on the earlier to occur of (i) the date ten (10) Business Days after such Loan is made and (ii) the Maturity Date.

**2.09 Interest.** (a) Subject to the provisions of subsection (b) below, (i) each Term SOFR Loan shall bear interest on the outstanding principal amount thereof for each Interest Period at a rate per annum equal to Term SOFR for such Interest Period plus the Applicable Rate; (ii) each Base Rate Committed Loan shall bear interest on the outstanding principal amount thereof from the applicable borrowing date at a rate per annum equal to the Base Rate plus the Applicable Rate; (iii) each Alternative Currency Daily Rate Loan shall bear interest on the outstanding principal amount thereof from the applicable borrowing date at a rate per annum equal to the Alternative Currency Daily Rate plus the Applicable Rate; (iv) each Alternative Currency Term Rate Loan shall bear interest on the outstanding principal amount thereof for each Interest Period at a rate per annum equal to the Alternative Currency Term Rate for such Interest Period plus the Applicable Rate; and (v) each Swing Line Loan shall bear interest on the outstanding principal amount thereof from the applicable borrowing date at a rate per annum equal to the Base Rate plus the Applicable Rate or at such other interest rate as may be agreed between Carpenter and the Swing Line Lender from time to time. To the extent that any calculation of interest or any fee required to be paid under this Agreement shall be based on (or result in) a calculation that is less than zero, such calculation shall be deemed to be zero for purposes of this Agreement.

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

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

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

(iv) Accrued and unpaid interest on past due amounts (including interest on past due interest) shall be due and payable upon demand.

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

(d) For the purposes of the Interest Act (Canada), (i) whenever a rate of interest or fee rate hereunder is calculated on the basis of a year (the “deemed year”) that contains fewer days than the actual number of days in the calendar year of calculation, such rate of interest or fee rate shall be expressed as a yearly rate by multiplying such rate of interest or fee rate by the actual number of days in the calendar year of calculation and dividing it by the number of days in the deemed year, (ii) the principle of deemed reinvestment of interest shall not apply to any interest calculation hereunder and (iii) the rates of interest stipulated herein are intended to be nominal rates and not effective rates or yields.

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

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

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

(b) Other Fees. (i) Carpenter shall pay to the Arrangers and the Administrative Agent for their own respective accounts, in Dollars, fees in the amounts, at the times and to the parties specified in the Bank of America Fee Letter. Such fees shall be fully earned when paid and shall not be refundable for any reason whatsoever.

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

## **2.11 Computation of Interest and Fees.**

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

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

## **2.12 Evidence of Debt.**

(a) The Credit Extensions made by each Lender shall be evidenced by one or more accounts or records maintained by such Lender in the ordinary course of business. The Administrative Agent shall maintain the Register in accordance with Section 11.06(c). The accounts or records maintained by each Lender shall be conclusive absent manifest error of the amount of the Credit Extensions made by the Lenders to the Borrowers and the interest and payments thereon. Any failure to so record or any error in doing so shall not, however, limit or otherwise affect the obligation of the Borrowers hereunder to pay any amount owing with respect to the Obligations. In the event of any conflict between the accounts and records maintained by any Lender and the Register in respect of such matters, the Register shall control in the absence of manifest error. Upon the request of any Lender to a Borrower made through the Administrative Agent, such Borrower shall execute and deliver to such Lender (through the Administrative Agent) a Note, which shall evidence such Lender's Loans to such Borrower in addition to such accounts or records. Each Lender may attach schedules to a Note and endorse thereon the date, Type (if applicable), amount, currency and maturity of its Loans and payments with respect thereto.

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

**2.13 Payments Generally; Administrative Agent's Clawback.** (a) General. All payments to be made by the Borrowers shall be made free and clear of and without condition or deduction for any counterclaim, defense, recoupment or setoff. Except as otherwise expressly provided herein and except with respect to principal of and interest on Loans denominated in an Alternative Currency, all payments by the Borrowers hereunder shall be made to the Administrative Agent, for the account of the respective Lenders to which such payment is owed, at the applicable Administrative Agent's Office in Dollars and in Same Day Funds not later than 2:00 p.m. on the date specified herein. Except as otherwise expressly provided herein, all payments by the Borrowers hereunder with respect to principal and interest on Loans denominated in an Alternative Currency shall be made to the Administrative Agent, for the account of the respective Lenders to which such payment is owed, at the applicable Administrative Agent's Office in such Alternative Currency and in Same Day Funds not later than the Applicable Time specified by the Administrative Agent on the dates specified herein. Without limiting the generality of the foregoing, the Administrative Agent may require that any payments due under this Agreement be made in the United States. If, for any reason, any Borrower is prohibited by any Law from making any required payment hereunder in an Alternative Currency, such Borrower shall make such payment in Dollars in the Dollar Equivalent of the Alternative Currency payment amount. The Administrative Agent will promptly distribute to each Lender its Applicable Percentage in respect of the relevant Facility (or other applicable share as provided herein) of such payment in like funds as received by wire transfer to such Lender's Lending Office. All payments received by the Administrative Agent (i) after 2:00 p.m., in the case of payments in Dollars, or (ii) after the Applicable Time specified by the Administrative Agent in the case of payments in an Alternative Currency, shall in each case be deemed received on the next succeeding Business Day and any applicable interest or fee shall continue to accrue. If any payment to be made by any Borrower shall come due on a day other than a Business Day, payment shall be made on the next following Business Day, and such extension of time shall be reflected in computing interest or fees, as the case may be.

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

(ii) Payments by Borrowers; Presumptions by Administrative Agent. Unless the Administrative Agent shall have received notice from the Borrowers prior to the date on which any payment is due to the Administrative Agent for the account of the Lenders or the L/C Issuer hereunder that the Borrowers will not make such payment, the Administrative Agent may assume that the Borrowers have made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to the Lenders or the L/C Issuer, as the case may be, the amount due.

With respect to any payment that the Administrative Agent makes for the account of the Lenders or the L/C Issuer hereunder as to which the Administrative Agent determines (which determination shall be conclusive absent manifest error) that any of the following applies (such payment referred to as the "Rescindable Amount"): (1) the Borrowers have not in fact made such payment; (2) the Administrative Agent has made a payment in excess of the amount so paid by the Borrowers (whether or not then owed); or (3) the Administrative Agent has for any reason otherwise erroneously made such payment; then each of the Lenders or the L/C Issuer, as the case may be, severally agrees to repay to the Administrative Agent forthwith on demand the Rescindable Amount so distributed to such Lender or the L/C Issuer, in Same Day Funds with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the Administrative Agent, at the greater of the Federal Funds Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation.

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

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

(d) Obligations of Lenders Several. The obligations of the Lenders hereunder to make Committed Loans, to fund participations in Letters of Credit and Swing Line Loans and to make payments pursuant to Section 11.04(c) are several and not joint. The failure of any Lender to make any Committed Loan, to fund any such participation or to make any payment under Section 11.04(c) on any date required hereunder shall not relieve any other Lender of its corresponding obligation to do so on such date, and no Lender shall be responsible for the failure of any other Lender to so make its Committed Loan, to purchase its participation or to make its payment under Section 11.04(c).

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

(f) Insufficient Funds. If at any time insufficient funds are received by and available to the Administrative Agent to pay fully all amounts of principal, L/C Borrowings, interest and fees then due hereunder, such funds shall be applied (i) first, toward payment of interest and fees then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of interest and fees then due to such parties, and (ii) second, toward payment of principal and L/C Borrowings then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of principal and L/C Borrowings then due to such parties.

**2.14 Sharing of Payments by Lenders.** If any Lender shall, by exercising any right of setoff or counterclaim or otherwise, obtain payment in respect of (a) Obligations in respect of any of the Facilities due and payable to such Lender hereunder and under the other Loan Documents at such time in excess of its ratable share (according to the proportion of (i) the amount of such Obligations due and payable to such Lender at such time to (ii) the aggregate amount of the Obligations in respect of the Facilities due and payable to all Lenders hereunder and under the other Loan Documents at such time) of payments on account of the Obligations in respect of the Facilities due and payable to all Lenders hereunder and under the other Loan Documents at such time obtained by all the Lenders at such time or (b) Obligations in respect of any of the Facilities owing (but not due and payable) to such Lender hereunder and under the other Loan Documents at such time in excess of its ratable share (according to the proportion of (i) the amount of such Obligations owing (but not due and payable) to such Lender at such time to (ii) the aggregate amount of the Obligations in respect of the Facilities owing (but not due and payable) to all Lenders hereunder and under the other Loan Documents at such time) of payments on account of the Obligations in respect of the Facilities owing (but not due and payable) to all Lenders hereunder and under the other Loan Documents at such time obtained by all of the Lenders at such time, then, in each case under clauses (a) and (b) above, the Lender receiving such greater proportion shall (A) notify the Administrative Agent of such fact, and (B) purchase (for cash at face value) participations in the Loans and subparticipations in L/C Obligations and Swing Line Loans of the other Lenders, or make such other adjustments as shall be equitable, so that the benefit of all such payments shall be shared by the Lenders ratably in accordance with the aggregate amount of Obligations in respect of the Facilities then due and payable to the Lenders or owing (but not due and payable) to the Lenders, as the case may be, provided that:

(i) if any such participations or subparticipations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations or subparticipations shall be rescinded and the purchase price restored to the extent of such recovery, without interest; and

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

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

## **2.15 Subsidiary Borrowers.**

(a) Carpenter may at any time, upon not less than fifteen (15) Business Days' notice from Carpenter to the Administrative Agent (or such shorter period as may be agreed by the Administrative Agent in its reasonable discretion), designate any Wholly-Owned Subsidiary of Carpenter, which, for the avoidance of doubt, may be a Foreign Subsidiary of Carpenter, (an "Applicant Borrower") as a Subsidiary Borrower to receive Loans hereunder by delivering to the Administrative Agent (which shall promptly deliver counterparts thereof to each Lender) a duly executed notice and agreement in substantially the form of Exhibit H (a "Subsidiary Borrower Request and Assumption Agreement"). The parties hereto acknowledge and agree that prior to any Applicant Borrower becoming entitled to utilize the credit facilities provided for herein the Administrative Agent and the Lenders shall have received such supporting resolutions, incumbency certificates, opinions of counsel and other documents or information, in form, content and scope reasonably satisfactory to the Administrative Agent (including, without limitation, and subject to customary assumptions and qualifications, opinions with respect to (i) the recognition

and enforcement of (x) the choice of the law of the State of New York as the governing law of the Loan Documents in the Applicant Borrower's jurisdiction of formation and (y) any judgment obtained in New York in relation to a Loan Document and (ii) the necessity that the Loan Documents be filed, recorded or enrolled with any court or other authority in the Applicant Borrower's jurisdiction of formation or that any stamp, registration or similar tax be paid on or in relation to the Loan Documents or the transactions contemplated by the Loan Documents), as may be required by the Administrative Agent or the Lenders in their sole discretion, and Notes signed by such new Borrowers to the extent any Lenders so require; provided that, for the avoidance of doubt, any Foreign Subsidiary that is designated as a Subsidiary Borrower shall not be required to grant a security interest in any of its assets. If the Administrative Agent and each Lender agrees that an Applicant Borrower shall be entitled to receive Loans hereunder, then promptly following receipt of all such requested resolutions, incumbency certificates, opinions of counsel and other documents or information, the Administrative Agent shall send a notice in substantially the form of Exhibit I (a "Subsidiary Borrower Notice") to Carpenter and the Lenders specifying the effective date upon which the Applicant Borrower shall constitute a Subsidiary Borrower for purposes hereof, whereupon each of the Lenders agrees to permit such Subsidiary Borrower to receive Loans hereunder, on the terms and conditions set forth herein, and each of the parties agrees that such Subsidiary Borrower otherwise shall be a Borrower for all purposes of this Agreement; provided that no Committed Loan Notice or Letter of Credit Application may be submitted by or on behalf of such Subsidiary Borrower until the date five Business Days after such effective date; provided further, that effective as of the Closing Date, the Lenders agree that each of the following Subsidiaries may become a "Subsidiary Borrower" pursuant hereto (subject to satisfaction of the other conditions set forth in this Section 2.15) without any requirement of further written consent from the Lenders: (i) Carpenter Technology (Europe) S.A., a company organized and existing under the laws of Belgium, (ii) Carpenter Technology (UK) Limited, a company organized and existing under the laws of England and Wales, (iii) Carpenter Powder Products AB, a company organized and existing under the laws of Sweden, (iv) Carpenter Technology (Canada) Ltd., and (v) Carpenter Technology Luxembourg S.a.r.l., a company organized and existing under the laws of Luxembourg.

(b) Carpenter and all other Domestic Borrowers shall be jointly and severally liable for all Secured Obligations owing from Carpenter, the Domestic Loan Parties and their Domestic Subsidiaries and hereby guarantee the full and prompt payment of all other Secured Obligations as Guarantors under Article X hereof. Subsidiary Borrowers that are Foreign Subsidiaries shall be jointly and severally liable for all Secured Obligations owing from Foreign Subsidiaries, unless joint liability will result in a material adverse tax consequence to any Borrower or Subsidiary, in which case, the Secured Obligations of such any Subsidiary Borrower that would otherwise result in such material adverse tax consequence will be several in nature; provided that the Secured Obligations of each Subsidiary Borrower that is a Foreign Subsidiary shall not be joint and several in nature to the extent and for so long as any Foreign Requirement of Law would be violated thereby if Carpenter and its Subsidiaries have taken all commercially reasonable steps in the determination of the Administrative Agent to avoid or cure such violation, in which case, such Secured Obligations of such Subsidiary Borrower will be several in nature.

(c) Each Subsidiary of Carpenter that is or becomes a “Subsidiary Borrower” pursuant to this Section 2.15 hereby irrevocably appoints Carpenter as its agent for all purposes relevant to this Agreement and each of the other Loan Documents and agrees that (i) Carpenter may execute such documents and provide such authorizations on behalf of such Subsidiary Borrowers as Carpenter deems appropriate in its sole discretion and each Subsidiary Borrower shall be obligated by all of the terms of any such document and/or authorization executed on its behalf, (ii) any notice or communication delivered by the Administrative Agent, L/C Issuer or a Lender to Carpenter shall be deemed delivered to each Borrower and (iii) the Administrative Agent, L/C Issuer or the Lenders may accept, and be permitted to rely on, any document, authorization, instrument or agreement executed by Carpenter on behalf of each of the Subsidiary Borrowers.

(d) Carpenter may from time to time, upon not less than fifteen (15) Business Days’ notice from Carpenter to the Administrative Agent (or such shorter period as may be agreed by the Administrative Agent in its sole discretion), terminate a Subsidiary Borrower’s status as such, provided that (i) there are no outstanding Loans payable by such Subsidiary Borrower, or other amounts payable by such Subsidiary Borrower on account of any Loans made to it, as of the effective date of such termination and (ii) after giving Pro Forma Effect to any such termination and any related prepayment of Loans, Carpenter shall be in Pro Forma Compliance with the covenants set forth in Section 7.12 of this Agreement, calculated as of the date of such termination. The Administrative Agent will promptly notify the Lenders of any such termination of a Subsidiary Borrower’s status.

(e) Each of the Administrative Agent, the L/C Issuer, the Swing Line Lender and each Lender at its option may make any Credit Extension or otherwise perform its obligations hereunder through any Lending Office (each, a “Designated Lender”); provided that any exercise of such option shall not affect the obligation of such Borrower to repay any Credit Extension in accordance with the terms of this Agreement. Any Designated Lender shall be considered a Lender; provided that in the case of an Affiliate or branch of a Lender, all provisions applicable to a Lender shall apply to such Affiliate or branch of such Lender to the same extent as such Lender; provided that for the purposes only of voting in connection with any Loan Document, any participation by any Designated Lender in any outstanding Credit Extension shall be deemed a participation of such Lender.

## **2.16 Increase in Commitments.**

(a) Borrower Request. Carpenter may by written notice to the Administrative Agent elect to request (x) prior to the Maturity Date, an increase to the existing Aggregate AC Commitments or the Aggregate USD Commitments (each, an “Incremental Revolving Commitment” or “Incremental Revolving Credit Tranche”) and/or (y) the establishment of one or more new term loan commitments (each, an “Incremental Term Commitment” or “Incremental Term Loan Tranche”), by an aggregate amount not in excess of the greater of (i) \$300,000,000 or (ii) an amount equal to Consolidated EBITDA as reflected on the audited financial statements of Carpenter most recently delivered to the Administrative Agent pursuant to Section 6.01(a). Each such notice shall specify (i) the date (each, an “Increase Effective Date”) on which Carpenter proposes that the Incremental Commitments shall be effective and (ii) the identity of each Eligible Assignee to whom Carpenter proposes any portion of such Incremental Commitments be allocated and the amounts of such allocations; *provided that* any existing Lender approached to provide all or a portion of the Incremental Commitments may elect or decline, in its sole discretion, to provide such Incremental Commitment. Each Incremental Commitment shall be in an aggregate amount of \$20,000,000 or any whole multiple of \$1,000,000 in excess thereof. Carpenter may make a maximum of three requests for an Incremental Revolving Commitment or Incremental Term Commitment prior to the Maturity Date.

(b) Conditions. The Incremental Commitments shall become effective as of the Increase Effective Date and shall be subject to the following conditions precedent, which, in the case of an Incremental Term Loan incurred solely to finance a substantially concurrent Limited Condition Acquisition, shall be subject to Section 1.11:

(i) each of the conditions set forth in Section 4.02 shall be satisfied;

(ii) no Default shall have occurred and be continuing or would result from the borrowings to be made on the Increase Effective Date;

(iii) the representations and warranties contained in Article V and the other Loan Documents are true and correct in all material respects on and as of the Increase Effective Date, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they shall have been true and correct in all material respects as of such earlier date, and except that for purposes of this Section 2.16(b), the representations and warranties contained in Section 5.05(a) and Section 5.05(b) shall be deemed to refer to the most recent financial statements furnished pursuant to clauses (a) and (b), respectively, of Section 6.01.

(iv) on a Pro Forma Basis (assuming, in the case of Incremental Revolving Commitments, that such Incremental Revolving Commitments are fully drawn), Carpenter shall be in compliance with each of the covenants set forth in Section 7.12 and the Consolidated Net Leverage Ratio shall not be greater than “0.25x” turn less than the Consolidated Net Leverage Ratio permitted under Section 7.12, in each case as of the end of the latest fiscal quarter for which internal financial statements are available;

(v) Carpenter shall make any breakage payments in connection with any adjustment of revolving credit Loans pursuant to Section 2.16(d);

(vi) Carpenter shall deliver or cause to be delivered officer’s certificates and legal opinions of the type delivered on the Closing Date to the extent reasonably requested by, and in form and substance reasonably satisfactory to, the Administrative Agent; and

(vii) (x) upon the reasonable request of any Lender made at least three (3) Business Days prior to the Increase Effective Date, Carpenter shall have provided to such Lender, and such Lender shall be reasonably satisfied with, the documentation and other information so requested in connection with applicable “know your customer” and anti-money-laundering rules and regulations, including, without limitation, the PATRIOT Act, in each case at least one (1) Business Day prior to the Increase Effective Date and (y) at least three (3) Business Days prior to the Increase Effective Date, any Loan Party that qualifies as a “legal entity customer” under the Beneficial Ownership Regulation shall have delivered, to each Lender that so requests, a Beneficial Ownership Certification in relation to such Loan Party.

(c) Terms of New Loans and Commitments. The terms and provisions of loans made pursuant to Incremental Commitments shall be as follows:

- (i) terms and provisions of any Incremental Term Loan Tranche shall be reasonably satisfactory to the Administrative Agent; provided that in any event the Incremental Term Loan Tranche must comply with clause (iii) and (iv), below;
- (ii) the terms and provisions of any Incremental Revolving Credit Tranche made pursuant to new Commitments shall be identical to the terms applicable to loans provided under the Aggregate AC Commitments or Aggregate USD Commitments, as applicable, as in effect on the Closing Date;
- (iii) the weighted average life to maturity of any Incremental Term Loan Tranche shall be no shorter than the remaining weighted average life to maturity of any then existing Incremental Term Loans;
- (iv) the maturity date of any Incremental Term Loan Tranche (the "Incremental Term Loan Maturity Date") shall not be earlier than the then Latest Maturity Date.

The Incremental Commitments shall be effected by a joinder agreement (the "Increase Joinder") executed by the Borrower, the Administrative Agent and each Lender making such Incremental Commitment, in form and substance reasonably satisfactory to each of them. Notwithstanding the provisions of Section 11.01, the Increase Joinder may, without the consent of any other Lenders, effect such amendments to this Agreement and the other Loan Documents as may be necessary or appropriate, in the reasonable opinion of the Administrative Agent, to effect the provisions of this Section 2.16. In addition, unless otherwise specifically provided herein, all references in the Loan Documents to Loans shall be deemed, unless the context otherwise requires, to include references to Loans made pursuant to this Agreement.

(d) Adjustment of Revolving Credit Loans. To the extent the Commitments being in-creased on the relevant Increase Effective Date are Incremental Revolving Commitments, then each Lender that is acquiring an Incremental Revolving Commitment on the Increase Effective Date shall make a Loan under the relevant Facility, the proceeds of which will be used to prepay the Loans of the other Lenders under such Facility immediately prior to such Increase Effective Date, so that, after giving effect thereto, the Loans outstanding under such Facility are held by the Lenders under such Facility pro rata based on their Commitments under such Facility after giving effect to such Increase Effective Date. If there is a new borrowing of Loans under the applicable Facility on such Increase Effective Date, the Lenders under such Facility after giving effect to such Increase Effective Date shall make such Loans in accordance with Section 2.01.

(e) Making of Term Loans. On any Increase Effective Date on which new Commitments for an Incremental Term Loan Tranche are effective, subject to the satisfaction of the foregoing terms and conditions, each Lender of such Commitment shall make a term loan to Carpenter in an amount equal to its new Commitment.

(f) Equal and Ratable Benefit. The Loans and Commitments established pursuant to this clause (f) shall constitute Loans and Commitments under, and shall be entitled to all the benefits afforded by, this Agreement and the other Loan Documents, and shall, without limiting the foregoing, benefit equally and ratably from the Guarantees and security interests created by the Collateral Documents, except that the new Loans may be subordinated in right of payment or the Liens securing the new Loans may be subordinated, in each case, to the extent set forth in the Increase Joinder. The Loan Parties shall take any actions reasonably required by the Administrative Agent to ensure and/or demonstrate that the Lien and security interests granted by the Collateral Documents continue to be perfected under the UCC or otherwise after giving effect to the establishment of any such class of term loans or any such new Commitments.

(g) This Section 2.16 shall supersede any provisions in Section 2.14 or Section 11.01 to the contrary.

## **2.17 Cash Collateral.**

(a) Certain Credit Support Events. Upon the request of the Administrative Agent or the L/C Issuer (i) if the L/C Issuer has honored any full or partial drawing request under any Letter of Credit and such drawing has resulted in an L/C Borrowing, or (ii) if, as of the Letter of Credit Expiration Date, any L/C Obligation for any reason remains outstanding, Carpenter shall, in each case, promptly (but in any case within five (5) Business Days) Cash Collateralize the then Outstanding Amount of all L/C Obligations. At any time that there shall exist a Defaulting Lender under the USD Facility, immediately upon the request of the Administrative Agent, the L/C Issuer or the Swing Line Lender, Carpenter shall deliver Cash Collateral to the Administrative Agent in an amount sufficient to cover all Fronting Exposure (after giving effect to Section 2.18(a)(iv) and any Cash Collateral provided by the Defaulting Lender). Additionally, if the Administrative Agent notifies Carpenter at any time that the Outstanding Amount of all L/C Obligations at such time exceeds 105% of the Letter of Credit Sublimit then in effect, then within two (2) Business Days after receipt of such notice, Carpenter shall provide Cash Collateral for the Outstanding Amount of the L/C Obligations in an amount not less than the amount by which the Outstanding Amount of all L/C Obligations exceeds the Letter of Credit Sublimit.

(b) Grant of Security Interest. All Cash Collateral (other than credit support not constituting funds subject to deposit) shall be maintained in blocked, non-interest bearing deposit accounts at Bank of America. Carpenter, and to the extent provided by any Lender, such Lender, hereby grants to (and subjects to the control of) the Administrative Agent, for the benefit of the Administrative Agent, the L/C Issuer and the USD Lenders (including the Swing Line Lender), and agrees to maintain, a first priority security interest in all such cash, deposit accounts and all balances therein, and all other property so provided as collateral pursuant hereto, and in all proceeds of the foregoing, all as security for the obligations to which such Cash Collateral may be applied pursuant to Section 2.17(c). If at any time the Administrative Agent determines that Cash Collateral is subject to any right or claim of any Person other than the Administrative Agent as herein provided, or that the total amount of such Cash Collateral is less than the applicable Fronting Exposure and other obligations secured thereby, Carpenter or the relevant Defaulting Lender will, promptly upon demand by the Administrative Agent, pay or provide to the Administrative Agent additional Cash Collateral in an amount sufficient to eliminate such deficiency.

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

(d) Release. Cash Collateral (or the appropriate portion thereof) provided to reduce Fronting Exposure or other obligations shall be released promptly following (i) the elimination of the applicable Fronting Exposure or other obligations giving rise thereto (including by the termination of Defaulting Lender status of the applicable Lender (or, as appropriate, its assignee following compliance with Section 11.06(b)(vi))) or (ii) the Administrative Agent's good faith determination that there exists excess Cash Collateral; provided that (x) Cash Collateral furnished by or on behalf of Carpenter shall not be released during the continuance of a Default or Event of Default (and following application as provided in this Section 2.17 may be otherwise applied in accordance with Section 8.03), and (y) the Person providing Cash Collateral and the L/C Issuer or Swing Line Lender, as applicable, may agree that Cash Collateral shall not be released but instead held to support future anticipated Fronting Exposure or other obligations.

## **2.18 Defaulting Lenders.**

(a) 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 definitions of "Required Lenders", "Required AC Lenders" and "Required USD Lenders", as applicable, and in Section 11.01.

(ii) Reallocation of Payments. Any payment of principal, interest, fees or other amounts received by the Administrative Agent for the account of such Defaulting Lender (whether voluntary or mandatory, at maturity, pursuant to Article VIII or otherwise, and including any amounts made available to the Administrative Agent by such Defaulting Lender pursuant to Section 11.08) shall be applied at such time or times as may be determined by the Administrative Agent as follows: first, to the payment of any amounts owing by such Defaulting Lender to the Administrative Agent hereunder; second, to the payment on a pro rata basis of any amounts owing by such Defaulting Lender to the L/C Issuer or Swing Line Lender hereunder; third, if so determined by the Administrative Agent or requested by the L/C Issuer or the Swing Line Lender, to be held as Cash Collateral for the L/C Issuer's Fronting Exposure with respect to such Defaulting Lender; fourth, as Carpenter may request (so long as no Default or Event of Default exists), to the funding of any Loan in respect of which such Defaulting Lender has failed to fund its portion thereof as required by this Agreement, as determined by the Administrative Agent; fifth, if so determined by the Administrative Agent and Carpenter, to be held in a non-interest bearing deposit account and released 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 L/C Issuer's future Fronting Exposure with respect to such Defaulting Lender with respect to future Letters of Credit issued under this Agreement; sixth, to the payment of any amounts owing to the Lenders, the L/C Issuer or Swing Line Lender as a result of any judgment of a court of competent jurisdiction obtained by any Lender, the L/C Issuer or 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 Carpenter as a result of any judgment of a court of competent jurisdiction obtained by Carpenter 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 Borrowings in respect of which such Defaulting Lender has not fully funded its appropriate share, and (y) such Loans or L/C Borrowings were made or the related Letters of Credit were issued at a time when the conditions set forth in Section 4.02 were satisfied or waived, such payment shall be applied solely to pay the Loans of, and L/C Borrowings owed to, all Non-Defaulting Lenders under the applicable Facility on a pro rata basis (and ratably among all applicable Facilities computed in accordance with the Defaulting Lenders' respective funding deficiencies) prior to being applied to the payment of any Loans of, or L/C Borrowings owed to such Defaulting Lender under the applicable Facility until such time as all Loans and funded and unfunded participations in L/C Borrowings and Swing Line Loans are held by the Lenders pro rata in accordance with the Commitments hereunder without giving effect to Section 2.17(a)(iv). 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 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 fee payable under Section 2.10(a) for any period during which that Lender is a Defaulting Lender (and Carpenter 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 that is a USD Lender shall be entitled to receive Letter of Credit Fees for any period during which that Lender is a Defaulting Lender only to the extent allocable to its Applicable USD Percentage of the stated amount of Letters of Credit for which it has provided Cash Collateral.

(C) With respect to any fee payable under Section 2.10(a) or Letter of Credit Fee not required to be paid to any Defaulting Lender pursuant to clause (A) or (B) above, Carpenter shall (x) pay to each Non-Defaulting Lender that is a USD 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 Line Loans that has been reallocated to such Non-Defaulting Lender pursuant to clause (iv) below, (y) pay to the L/C Issuer and Swing Line Lender, as applicable, the amount of any such fee otherwise payable to such Defaulting Lender to the extent allocable to the L/C 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 Advances and Swing Line Loans shall be reallocated among the Non-Defaulting Lenders under the USD Facility in accordance with their respective Applicable USD Percentages (calculated without regard to such Defaulting Lender's USD Commitment) but only to the extent that (x) the conditions set forth in Section 4.02 are satisfied at the time of such reallocation (and, unless Carpenter shall have otherwise notified the Administrative Agent at such time, Carpenter 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 Outstanding Amount of the Committed USD Loans of any Non-Defaulting Lender, plus such Non-Defaulting Lender's Applicable USD Percentage of the Outstanding Amount of all L/C Obligations, plus such Non-Defaulting Lender's Applicable USD Percentage of the Outstanding Amount of all Swing Line Loans to exceed such Non-Defaulting Lender's USD Commitment. 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 Line Loans. If the reallocation described in clause (iv) above cannot, or can only partially, be effected, Carpenter shall, without prejudice to any right or remedy available to it hereunder or under law, (x) first, prepay Swing Line Loans in an amount equal to the Swing Line Lender's Fronting Exposure and (y) second, Cash Collateralize the L/C Issuer's Fronting Exposure.

(b) Defaulting Lender Cure. If Carpenter, the Administrative Agent, the Swing Line Lender and the L/C Issuer agree in writing in their sole discretion that a Lender is no longer be deemed to be a Defaulting Lender under any Facility, the Administrative Agent will so notify the parties hereto, whereupon as of the effective date specified in such notice and subject to any conditions set forth therein (which may include arrangements with respect to any Cash Collateral), that Lender will, to the extent applicable, purchase at par that portion of outstanding AC Loans or USD Loans, as applicable, of the other USD Lenders or take such other actions as the Administrative Agent may determine to be necessary to cause the Committed Loans under that Facility and, in the case of the USD Facility, funded and unfunded participations in Letters of Credit and Swing Line Loans to be held by the USD Lenders in accordance with their Applicable USD Percentages (without giving effect to Section 2.18(a)(iv)), whereupon such Lender will cease to be a Defaulting Lender under the USD Facility; provided that no adjustments will be made retroactively with respect to fees accrued or payments made by or on behalf of Carpenter 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 Line Loans/Letters of Credit. So long as any Lender is a Defaulting Lender under the USD Facility, (i) the Swing Line Lender shall not be required to fund any Swing Line Loans unless it is satisfied that it will have no Fronting Exposure after giving effect to such Swing Line Loan and (ii) the L/C Issuer shall not 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.

**ARTICLE III  
TAXES, YIELD PROTECTION AND ILLEGALITY**

**3.01 Taxes.**

(a) 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 3.01) the applicable Recipient receives an amount equal to the sum it would have received had no such deduction or withholding been made.

(b) Payment of Other Taxes by the Borrowers. The Loan Parties shall timely pay to the relevant Governmental Authority in accordance with Applicable Law, or, at the option of the Administrative Agent, timely reimburse it for the payment of, any Other Taxes.

(c) Indemnification by the Lenders. Each Lender shall severally indemnify the Administrative 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 Administrative 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 11.06(d) 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 Administrative 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 Administrative Agent shall be conclusive absent manifest error. Each Lender hereby authorizes the Administrative Agent to set off and apply any and all amounts at any time owing to such Lender under any Loan Document or otherwise payable by the Administrative Agent to the Lender from any other source against any amount due to the Administrative Agent under this clause (c).

(d) Indemnification by a Borrower. Each of the Loan Parties shall, and does hereby, jointly and severally (for the avoidance of doubt, subject to Section 2.15(b)) 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 as to the amount of such payment or liability delivered to any Borrower by a Lender (with a copy to the Administrative Agent), or by the Administrative Agent on its own behalf or on behalf of a Lender, shall be conclusive absent manifest error.

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

(f) Status of Lenders; Tax Documentation. (i) Any Lender that is entitled to an exemption from or reduction of withholding Tax with respect to payments made under any Loan Document shall deliver to the Borrowers and the Administrative Agent, at the time or times reasonably requested by the Borrowers or the Administrative Agent, such properly completed and executed documentation reasonably requested by the Borrowers or the Administrative 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 Borrowers or the Administrative Agent, shall deliver such other documentation prescribed by Applicable Law or reasonably requested by the Borrowers or the Administrative Agent as will enable the Borrowers or the Administrative Agent to determine whether or not such Lender is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation (other than such documentation set forth in Section 3.01(f)(ii)(A), (ii)(B) and (ii)(D) below) shall not be required if in the Lender's reasonable judgment such completion, execution or submission would subject such Lender to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Lender.

(ii) Without limiting the generality of the foregoing, in the event that a Borrower is a U.S. Person:

(A) any Lender that is a U.S. Person shall deliver to such Borrower and the Administrative Agent on or prior to the date on which such Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of such Borrower or the Administrative Agent), executed copies of IRS Form W-9 certifying that such Lender is exempt from U.S. federal backup withholding tax;

(B) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to such Borrower and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of such Borrower or the Administrative 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 copies of IRS Form W-8BEN-E (or W-8BEN, as applicable) establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the “interest” article of such tax treaty and (y) with respect to any other applicable payments under any Loan Document, IRS Form W-8BEN-E (or W-8BEN, as applicable) establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the “business profits” or “other income” article of such tax treaty;

(II) executed copies of IRS Form W-8ECI;

(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 substantially in the form of Exhibit J-1 to the effect that such Foreign Lender is not a “bank” within the meaning of Section 881(c)(3)(A) of the Code, a “10 percent shareholder” of such Borrower within the meaning of Section 881(c)(3)(B) of the Code, or a “controlled foreign corporation” described in Section 881(c)(3)(C) of the Code (a “U.S. Tax Compliance Certificate”) and (y) executed copies of IRS Form W-8BEN-E (or W-8BEN, as applicable); or

(IV) to the extent a Foreign Lender is not the beneficial owner, executed copies of IRS Form W-8IMY, accompanied by IRS Form W-8ECI, IRS Form W-8BEN-E (or W-8BEN, as applicable), a U.S. Tax Compliance Certificate substantially in the form of Exhibit J-2 or Exhibit J-3, IRS Form W-9, and/or other certification documents from each beneficial owner, as applicable; provided that if the Foreign Lender is a partnership and one or more direct or indirect partners of such Foreign Lender are claiming the portfolio interest exemption, such Foreign Lender may provide a U.S. Tax Compliance Certificate substantially in the form of Exhibit J-4 on behalf of each such direct and indirect partner;

(C) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to such Borrower and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of such Borrower or the Administrative Agent), executed copies 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 such Borrower or the Administrative Agent to determine the withholding or deduction required to be made; and

(D) if a payment made to a Lender under any Loan Document would be subject to U.S. federal withholding Tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Lender shall deliver to such Borrower and the Administrative Agent at the time or times prescribed by law and at such time or times reasonably requested by such Borrower or the Administrative Agent such documentation prescribed by Applicable Law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by such Borrower or the Administrative Agent as may be necessary for such Borrower and the Administrative Agent to comply with their obligations under FATCA and to determine that such Lender has complied with such Lender's obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this clause (D), "FATCA" shall include any amendments made to FATCA after the Closing Date.

(iii) Each Lender agrees that if any form or certification it previously delivered pursuant to this Section 3.01 expires or becomes obsolete or inaccurate in any respect, it shall update such form or certification or promptly notify Carpenter and the Administrative Agent in writing of its legal inability to do so.

(iv) Each of the Borrowers shall promptly deliver to the Administrative Agent or any Lender, as the Administrative Agent or such Lender shall reasonably request, on or prior to the Closing Date (or such later date on which it first becomes a Borrower), and in a timely fashion thereafter, such documents and forms required by any relevant taxing authorities under the Laws of any jurisdiction, duly executed and completed by such Borrower, as are required to be furnished by such Lender or the Administrative Agent under such Laws in connection with any payment by the Administrative Agent or any Lender of Excluded Taxes or Indemnified Taxes, or otherwise in connection with the Loan Documents, with respect to such jurisdiction.

(g) Treatment of Certain Refunds. Unless required by Applicable Laws, at no time shall the Administrative Agent have any obligation to file for or otherwise pursue on behalf of a Lender or the L/C Issuer, or have any obligation to pay to any Lender or the L/C Issuer, any refund of Taxes withheld or deducted from funds paid for the account of such Lender or the L/C Issuer, as the case may be. If any Recipient determines, in its sole discretion exercised in good faith, that it has received a refund of any Taxes as to which it has been indemnified by any Loan Party or with respect to which any Loan Party has paid additional amounts pursuant to this Section 3.01, it shall pay to the Loan Party an amount equal to such refund (but only to the extent of indemnity payments made, or additional amounts paid, by a Loan Party under this Section 3.01 with respect to the Taxes giving rise to such refund), net of all out-of-pocket expenses (including Taxes) incurred by such Recipient, and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund), provided that the Loan Party, upon the request of the Recipient, agrees to repay the amount paid over to the Loan Party pursuant to this subsection (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) to the Recipient in the event the Recipient is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this subsection, in no event will the applicable Recipient be required to pay any amount to the Loan Party pursuant to this subsection the payment of which would place the Recipient in a less favorable net after-Tax position than such Recipient would have been in if the Tax subject to indemnification and giving rise to such refund had not been deducted, withheld or otherwise imposed and the indemnification payments or additional amounts with respect to such Tax had never been paid. This subsection shall not be construed to require any Recipient to make available its Tax returns (or any other information relating to its Taxes that it deems confidential) to any Loan Party or any other Person.

(h) Survival. Each party's obligations under this Section 3.01 shall survive the resignation or replacement of the Administrative Agent or any assignment of rights by, or the replacement of, a Lender, the termination of the Commitments and the repayment, satisfaction or discharge of all other Obligations.

(i) Defined Terms. For the purposes of this Section 3.01, the term "Lender" includes the L/C Issuer and the term "Applicable Law" includes FATCA.

### **3.02 Illegality.**

(a) If any Lender determines that any Law has made it unlawful, or that any Governmental Authority has asserted that it is unlawful, for any Lender or its applicable Lending Office to make, maintain or fund Loans whose interest is determined by reference to a Relevant Rate, or to determine or charge interest rates based upon a Relevant Rate or to purchase or sell, or to take deposits of, any Alternative Currency in the applicable interbank market, then, upon notice thereof by such Lender to Carpenter (through the Administrative Agent), (a) any obligation of such Lender to make or maintain Alternative Currency Loans in the affected currency or currencies or, in the case of Loans denominated in Dollars, to make or maintain Term SOFR Loans or to convert Base Rate Loans to Term SOFR Loans shall be, in each case, suspended, and (b) if such notice asserts the illegality of such Lender making or maintaining Base Rate Loans the interest rate on which is determined by reference to the Term SOFR component of the Base Rate, the interest rate on which Base Rate Loans of such Lender shall, if necessary to avoid such illegality, be determined by the Administrative Agent without reference to the Term SOFR component of the Base Rate, in each case until such Lender notifies the Administrative Agent and Carpenter that the circumstances giving rise to such determination no longer exist. Upon receipt of such notice, (i) the Borrowers shall, upon demand from such Lender (with a copy to the Administrative Agent), prepay all Term SOFR Loans or Alternative Currency Loans, as applicable, in the affected currency or currencies or, if applicable and such Loans are denominated in Dollars, convert all Term SOFR Loans of such Lender to Base Rate Loans (the interest rate on which Base Rate Loans of such Lender shall, if necessary to avoid such illegality, be determined by the Administrative Agent without reference to the Term SOFR component of the Base Rate), in each case, immediately, or, in the case of Term Rate Loans, on the last day of the Interest Period therefor if such Lender may lawfully continue to maintain such Term Rate Loans to such day and (ii) if such notice asserts the illegality of such Lender determining or charging interest rates based upon SOFR, the Administrative Agent shall during the period of such suspension compute the Base Rate applicable to such Lender without reference to the Term SOFR component thereof until the Administrative Agent is advised in writing by such Lender that it is no longer illegal for such Lender to determine or charge interest rates based upon SOFR. Upon any such prepayment or conversion, the Borrowers shall also pay accrued interest on the amount so prepaid or converted, together with any additional amounts required pursuant to Section 3.05.

(b) If, in any applicable jurisdiction, the Administrative Agent, the L/C Issuer or any Lender or any Designated Lender determines that any Law has made it unlawful, or that any Governmental Authority has asserted that it is unlawful, for the Administrative Agent, the L/C Issuer or any Lender or its applicable Designated Lender to (i) perform any of its obligations hereunder or under any other Loan Document, (ii) to fund or maintain its participation in any Loan or Letter of Credit or (iii) issue, make, maintain, fund or charge interest or fees with respect to any Credit Extension, such Person shall promptly notify the Administrative Agent, then, upon the Administrative Agent notifying Carpenter, and until such notice by such Person is revoked, any obligation of such Person to issue, make, maintain, fund or charge interest or fees with respect to any such Credit Extension shall be suspended, and to the extent required by Applicable Law, cancelled. Upon receipt of such notice, Carpenter shall, (A) repay that Person's participation in the Loans or other applicable Obligations on the last day of the Interest Period for each Loan or other Obligation occurring after the Administrative Agent has notified Carpenter or, if earlier, the date specified by such Person in the notice delivered to the Administrative Agent (being no earlier than the last day of any applicable grace period permitted by Applicable Law), (B) to the extent applicable to the L/C Issuer, Cash Collateralize that portion of applicable L/C Obligations comprised of the aggregate undrawn amount of Letters of Credit to the extent not otherwise Cash Collateralized and (C) take all reasonable actions requested by such Person to mitigate or avoid such illegality.

### **3.03 Inability to Determine Rates.**

(a) If in connection with any request for a Term SOFR Loan or an Alternative Currency Loan or a conversion of Base Rate Loans to Term SOFR Loans or a continuation of any of such Loans, as applicable, (i) the Administrative Agent determines (which determination shall be conclusive absent manifest error) that (A) no Successor Rate or Canadian Benchmark Replacement, as applicable, for the Relevant Rate for the applicable Agreed Currency has been determined in accordance with Section 3.03(b), Section 3.03(c) or Section 3.03(e) and the circumstances under clause (i) of Section 3.03(b) or of Section 3.03(c) or the Scheduled Unavailability Date or the CDOR Cessation Date, has occurred with respect to such Relevant Rate (as applicable), or (B) adequate and reasonable means do not otherwise exist for determining the Relevant Rate for the applicable Agreed Currency for any determination date(s) or requested Interest Period, as applicable, with respect to a proposed Term SOFR Loan or an Alternative Currency Term Rate Loan or in connection with an existing or proposed Base Rate Loan, or (ii) the Administrative Agent or the Required AC Lenders, in the case of the AC Facility, or the Required USD Lenders, in the case of the USD Facility, determine that for any reason that the Relevant Rate with respect to a proposed Loan denominated in an Agreed Currency for any requested Interest Period or determination date(s) does not adequately and fairly reflect the cost to such Lenders of funding such Loan, the Administrative Agent will promptly so notify Carpenter and each Lender.

Thereafter, (x) the obligation of the Lenders under the appropriate Facility to make or maintain Loans in the affected currencies, as applicable, or to convert Base Rate Loans to Term SOFR Loans, shall be suspended in each case to the extent of the affected Term SOFR Loans, Alternative Currency Loans or Interest Periods or determination date(s), as applicable, and (y) in the event of a determination described in the preceding sentence with respect to the Term SOFR component of the Base Rate, the utilization of the Term SOFR component in determining the Base Rate shall be suspended, in each case until the Administrative Agent (or, in the case of a determination by the Required AC Lenders or the Required USD Lenders, as the case may be, described in clause (ii) of this Section 3.03(a)), until the Administrative Agent upon instruction of the Required AC Lenders or Required USD Lenders, as the case may be) revokes such notice.

Upon receipt of such notice, (i) the Borrowers may revoke any pending request for a Borrowing of, or conversion to Term SOFR Loans, or Borrowing of, or continuation of Alternative Currency Loans to the extent of the affected Alternative Currency Loans or Interest Period or determination date(s), as applicable under the appropriate Facility or, failing that, will be deemed to have converted such request into a request for a Committed Borrowing of Base Rate Loans denominated in Dollars in the Dollar Equivalent of the amount specified therein and (ii) (A) any outstanding Term SOFR Loans shall be deemed to have been converted to Base Rate Loans immediately and (B) any outstanding affected Alternative Currency Loans, at Carpenter's election, shall either (1) be converted into a Committed Borrowing of Base Rate Loans denominated in Dollars under the appropriate Facility in the Dollar Equivalent of the amount of such outstanding Alternative Currency Loan immediately, in the case of an Alternative Currency Daily Rate Loan or at the end of the applicable Interest Period, in the case of an Alternative Currency Term Rate Loan or (2) be prepaid in full immediately, in the case of an Alternative Currency Daily Rate Loan, or at the end of the applicable Interest Period, in the case of an Alternative Currency Term Rate Loan; provided that if no election is made by Carpenter (x) in the case of an Alternative Currency Daily Rate Loan, by the date that is three Business Days after receipt by Carpenter of such notice or (y) in the case of an Alternative Currency Term Rate Loan, by the last day of the current Interest Period for the applicable Alternative Currency Term Rate Loan, Carpenter shall be deemed to have elected clause (1) above.

(b) Replacement of Term SOFR or Term SOFR Successor Rate. Notwithstanding anything to the contrary in this Agreement or any other Loan Documents, if the Administrative Agent determines (which determination shall be conclusive absent manifest error), or Carpenter or the Required Lenders notify the Administrative Agent (with, in the case of the Required Lenders, a copy to Carpenter) that Carpenter or Required Lenders (as applicable) have determined, that:

(i) adequate and reasonable means do not exist for ascertaining one month, three month and six month interest periods of Term SOFR, including, without limitation, because the Term SOFR Screen Rate is not available or published on a current basis and such circumstances are unlikely to be temporary; or

(ii) CME or any successor administrator of the Term SOFR Screen Rate or a Governmental Authority having jurisdiction over the Administrative Agent or such administrator with respect to its publication of Term SOFR, in each case acting in such capacity, has made a public statement identifying a specific date after which one month, three month and six month interest periods of Term SOFR or the Term SOFR Screen Rate shall or will no longer be made available, or permitted to be used for determining the interest rate of U.S. dollar denominated syndicated loans, or shall or will otherwise cease, provided that, at the time of such statement, there is no successor administrator that is satisfactory to the Administrative Agent, that will continue to provide such interest periods of Term SOFR after such specific date (the latest date on which one month, three month and six month interest periods of Term SOFR or the Term SOFR Screen Rate are no longer available permanently or indefinitely, the "Scheduled Unavailability Date");

then, on a date and time determined by the Administrative Agent (any such date, the “Term SOFR Replacement Date”), which date shall be at the end of an Interest Period or on the relevant interest payment date, as applicable, for interest calculated and, solely with respect to clause (ii) above, no later than the Scheduled Unavailability Date, Term SOFR will be replaced hereunder and under any Loan Document with Daily Simple SOFR *plus* the SOFR Adjustment for any payment period for interest calculated that can be determined by the Administrative Agent, in each case, without any amendment to, or further action or consent of any other party to, this Agreement or any other Loan Document (the “Term SOFR Successor Rate”).

If the Term SOFR Successor Rate is Daily Simple SOFR plus the SOFR Adjustment, all interest payments will be payable on a quarterly basis.

Notwithstanding anything to the contrary herein, (i) if the Administrative Agent determines that Daily Simple SOFR is not available on or prior to the Term SOFR Replacement Date, or (ii) if the events or circumstances of the type described in Section 3.03(b)(i) or (ii) have occurred with respect to the Term SOFR Successor Rate then in effect, then in each case, the Administrative Agent and Carpenter may amend this Agreement solely for the purpose of replacing Term SOFR or any then current Term SOFR Successor Rate in accordance with this Section 3.03 at the end of any Interest Period, relevant interest payment date or payment period for interest calculated, as applicable, with an alternative benchmark rate giving due consideration to any evolving or then existing convention for similar U.S. dollar denominated credit facilities syndicated and agented in the United States for such alternative benchmark. and, in each case, including any mathematical or other adjustments to such benchmark giving due consideration to any evolving or then existing convention for similar U.S. dollar denominated credit facilities syndicated and agented in the United States for such benchmark. For the avoidance of doubt, any such proposed rate and adjustments, shall constitute a “Term SOFR Successor Rate”. Any such amendment shall become effective at 5:00 p.m. on the fifth Business Day after the Administrative Agent shall have posted such proposed amendment to all Lenders and Carpenter unless, prior to such time, Lenders comprising the Required Lenders have delivered to the Administrative Agent written notice that such Required Lenders object to such amendment.

(c) Replacement of Relevant Rate (other than Term SOFR or the Canadian Benchmark) or Other Successor Rate. Notwithstanding anything to the contrary in this Agreement or any other Loan Documents, if the Administrative Agent determines (which determination shall be conclusive absent manifest error), or Carpenter or Required AC Lenders notify the Administrative Agent (with, in the case of the Required AC Lenders, a copy to Carpenter) that Carpenter or Required AC Lenders (as applicable) have determined, that:

(i) adequate and reasonable means do not exist for ascertaining the Relevant Rate (other than Term SOFR or the Canadian Benchmark Rate) for an Agreed Currency (other than Dollars or Canadian Dollars) because none of the tenors of such Relevant Rate (other than Term SOFR or the Canadian Benchmark Rate) under this Agreement is available or published on a current basis, and such circumstances are unlikely to be temporary; or

(ii) the Applicable Authority has made a public statement identifying a specific date after which all tenors of the Relevant Rate (other than Term SOFR or the Canadian Benchmark) for an Agreed Currency (other than Dollars or Canadian Dollars) under this Agreement shall or will no longer be representative or made available, or permitted to be used for determining the interest rate of syndicated loans denominated in such Agreed Currency (other than Dollars or Canadian Dollars), or shall or will otherwise cease, provided that, in each case, at the time of such statement, there is no successor administrator that is satisfactory to the Administrative Agent that will continue to provide such representative tenor(s) of the Relevant Rate (other than Term SOFR or the Canadian Benchmark) for such Agreed Currency (other than Dollars or Canadian Dollars) (the latest date on which all tenors of the Relevant Rate for such Agreed Currency (other than Dollars or Canadian Dollars) under this Agreement are no longer representative or available permanently or indefinitely, the “Other Scheduled Unavailability Date”);

or if the events or circumstances of the type described in Section 3.03(c)(i) or (ii) have occurred with respect to the Successor Rate then in effect, then, the Administrative Agent and Carpenter may amend this Agreement solely for the purpose of replacing the Relevant Rate for an Agreed Currency or any then current Successor Rate for an Agreed Currency in accordance with this Section 3.03 with an alternative benchmark rate giving due consideration to any evolving or then existing convention for similar credit facilities syndicated and agented in the U.S. and denominated in such Agreed Currency for such alternative benchmarks, and, in each case, including any mathematical or other adjustments to such benchmark giving due consideration to any evolving or then existing convention for similar credit facilities syndicated and agented in the U.S. and denominated in such Agreed Currency for such benchmarks (and any such proposed rate, including for the avoidance of doubt, any adjustment thereto, a “Other SOFR Successor Rate”, and collectively with the Term SOFR Successor Rate, each a “Successor Rate”), and any such amendment shall become effective at 5:00 p.m. on the fifth Business Day after the Administrative Agent shall have posted such proposed amendment to all Lenders and Carpenter unless, prior to such time, Lenders comprising the Required AC Lenders have delivered to the Administrative Agent written notice that such Required AC Lenders object to such amendment.

(d) Successor Rate. The Administrative Agent will promptly (in one or more notices) notify Carpenter and each Lender of the implementation of any Successor Rate.

Any Successor Rate shall be applied in a manner consistent with market practice; provided that to the extent such market practice is not administratively feasible for the Administrative Agent, such Successor Rate shall be applied in a manner as otherwise reasonably determined by the Administrative Agent.

Notwithstanding anything else herein, if at any time any Successor Rate as so determined would otherwise be less than zero%, the Successor Rate will be deemed to be zero% for the purposes of this Agreement and the other Loan Documents.

In connection with the implementation of a Successor Rate, the Administrative 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; provided that, with respect to any such amendment effected, the Administrative Agent shall post each such amendment implementing such Conforming Changes to Carpenter and the Lenders reasonably promptly after such amendment becomes effective.

(c) Canadian Benchmark Replacement Setting. Notwithstanding anything to the contrary herein or in any other Loan Document:

(i) Replacing CDOR. On May 16, 2022 Refinitiv Benchmark Services (UK) Limited (“RBSL”), the administrator of CDOR, announced in a public statement that the calculation and publication of all tenors of CDOR will permanently cease immediately following a final publication on Friday, June 28, 2024. On the earlier of (A) the date that all Available Tenors of CDOR have either permanently or indefinitely ceased to be provided by RBSL and (B) June 28, 2024 (the “CDOR Cessation Date”), if the then-current Canadian Benchmark is CDOR, the Canadian Benchmark Replacement will replace such Canadian Benchmark for all purposes hereunder and under any Loan Document in respect of any setting of such Canadian Benchmark on such day and all subsequent settings without any amendment to, or further action or consent of any other party to this Agreement or any other Loan Document. If the Canadian Benchmark Replacement is Daily Compounded CORRA, all interest payments will be payable on a quarterly basis.

(ii) Replacing Future Canadian Benchmarks. Upon the occurrence of a Canadian Benchmark Transition Event, the Canadian Benchmark Replacement will replace the then-current Canadian Benchmark for all purposes hereunder and under any Loan Document in respect of any Canadian Benchmark setting at or after 5:00 p.m. on the fifth (5th) Business Day after the date notice of such Canadian 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 Administrative Agent has not received, by such time, written notice of objection to such Canadian Benchmark Replacement from Lenders comprising the Required AC Lenders. At any time that the administrator of the then-current Canadian Benchmark has permanently or indefinitely ceased to provide such Canadian Benchmark or such Canadian Benchmark has been announced by the administrator or the regulatory supervisor for the administrator of such Canadian Benchmark pursuant to public statement or publication of information to be no longer representative of the underlying market and economic reality that such Canadian Benchmark is intended to measure and that representativeness will not be restored, Carpenter may revoke any request for a Borrowing of, conversion to or continuation of Loans denominated in Canadian Dollars to be made, converted or continued that would bear interest by reference to such Canadian Benchmark until Carpenter’s receipt of notice from the Administrative Agent that a Canadian Benchmark Replacement has replaced such Canadian Benchmark, and, failing that, Carpenter will be deemed to have converted any such request into a request for a borrowing of or conversion to Canadian Prime Rate Loans. During the period referenced in the foregoing sentence, the component of Canadian Prime Rate based upon the Benchmark will not be used in any determination of Canadian Prime Rate.

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

(iv) Notices; Standards for Decisions and Determinations. The Administrative Agent will promptly notify Carpenter and the Lenders of (i) the implementation of any Canadian Benchmark Replacement, (ii) any occurrence of a Term CORRA Transition Event, and (iii) the effectiveness of any Canadian Benchmark Replacement Conforming Changes. Any determination, decision or election that may be made by the Administrative Agent pursuant to this Section, 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, will be conclusive and binding absent manifest error and may be made in its discretion and without consent from any other party hereto, except, in each case, as expressly required pursuant to this Section 3.03(e).

(v) Unavailability of Tenor of Canadian Benchmark. At any time (including in connection with the implementation of a Canadian Benchmark Replacement), if the then-current Canadian Benchmark is a term rate (including Term CORRA or CDOR), then (i) the Administrative Agent may remove any tenor of such Canadian Benchmark that is unavailable or non-representative for Canadian Benchmark (including Canadian Benchmark Replacement) settings and (ii) the Administrative Agent may reinstate any such previously removed tenor for Canadian Benchmark (including Canadian Benchmark Replacement) settings.

(vi) Secondary Term CORRA Conversion. Notwithstanding anything to the contrary herein or in any Loan Document and subject to the proviso below in this clause, if a Term CORRA Transition Event and its related Term CORRA Transition Date have occurred, then on and after such Term CORRA Transition Date (i) the Canadian Benchmark Replacement described in clause (a)(i) of such definition will replace the then-current Canadian Benchmark for all purposes hereunder or under any Loan Document in respect of any setting of such Canadian Benchmark on such day and all subsequent settings, without any amendment to, or further action or consent of any other party to, this Agreement or any other Loan Document; and (ii) each Loan outstanding on the Term CORRA Transition Date bearing interest based on the then-current Canadian Benchmark shall convert, at the last day of the then current interest payment period, into a Loan bearing interest at the Canadian Benchmark Replacement described in clause (a)(i) of such definition for the respective Available Tenor as selected by Carpenter as is available for the then-current Canadian Benchmark; provided that, this clause (vi) shall not be effective unless the Administrative Agent has delivered to the Lenders and Carpenter a Term CORRA Notice, and so long as the Administrative Agent has not received, by 5:00 p.m. (Toronto time) on the fifth (5th) Business Day after the date of the Term CORRA Notice, written notice of objection to such conversion to Term CORRA from Lenders comprising the Required Lenders or Carpenter.

(vii) Definitions. For purposes hereof:

“Available Tenor” means, as of any date of determination and with respect to the then-current Canadian Benchmark, as applicable, (a) if the then-current Canadian Benchmark is a term rate, any tenor for such Canadian Benchmark that is or may be used for determining the length of an Interest Period or (b) otherwise, any payment period for interest calculated with reference to such Canadian Benchmark, as applicable, pursuant to this Agreement as of such date.

“Canadian Benchmark” means, initially, CDOR; provided that if a replacement of the Canadian Benchmark has occurred pursuant to this Section 3.03(e), then “Canadian Benchmark” means the applicable Canadian Benchmark Replacement to the extent that such Canadian Benchmark Replacement has replaced such prior benchmark rate. Any reference to “Canadian Benchmark” shall include, as applicable, the published component used in the calculation thereof.

“Canadian Benchmark Replacement” means, for any Available Tenor:

(a) For purposes of Section 3.03(e)(i), the first alternative set forth below that can be determined by the Administrative Agent:

(i) the sum of: (x) Term CORRA and (y) 0.29547% (29.547 basis points) for an Available Tenor of one-month’s duration, and 0.32138% (32.138 basis points) for an Available Tenor of three-months’ duration, or

(ii) the sum of: (x) Daily Compounded CORRA and (y) 0.29547% (29.547 basis points) for an Available Tenor of one-month’s duration, and 0.32138% (32.138 basis points) for an Available Tenor of three-months’ duration; and

(b) For purposes of Section 3.03(e)(ii), the sum of (i) the alternate benchmark rate and (ii) an adjustment (which may be a positive or negative value or zero), in each case, that has been selected by the Administrative Agent and Carpenter as the replacement for such Available Tenor of such Canadian Benchmark giving due consideration to any evolving or then-prevailing market convention, including any applicable recommendations made by the Relevant Canadian Governmental Body, for Canadian dollar-denominated syndicated credit facilities at such time;

provided that, if the Canadian Benchmark Replacement as determined pursuant to clause (a) or (b) above would be less than the Floor, the Canadian Benchmark Replacement will be deemed to be the Floor for the purposes of this Agreement and the other Loan Documents.

Any Canadian Benchmark Replacement shall be applied in a manner consistent with market practice; provided, that, to the extent such market practice is not administratively feasible for the Administrative Agent, such Canadian Benchmark Replacement shall be applied in a manner as otherwise reasonably determined by the Administrative Agent.

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

“Canadian Benchmark Transition Event” means, with respect to any then-current Canadian Benchmark other than CDOR, the occurrence of a public statement or publication of information by or on behalf of the administrator of the then-current Canadian Benchmark, the regulatory supervisor for the administrator of such Canadian Benchmark, any Governmental Authority with jurisdiction over such administrator for such Canadian Benchmark, or the Bank of Canada, announcing or stating that (a) such administrator has ceased or will cease on a specified date to provide all Available Tenors of such Canadian Benchmark, 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 Canadian Benchmark or (b) all Available Tenors of such Canadian Benchmark are or will no longer be representative of the underlying market and economic reality that such Canadian Benchmark is intended to measure and that representativeness will not be restored.

“Canadian Prime Rate” means, for any day, a fluctuating rate of interest per annum equal to the greater of (a) the per annum rate of interest quoted or established as the “prime rate” of the Administrative Agent which it quotes or establishes for such day as its reference rate of interest in order to determine interest rates for commercial loans in Canadian Dollars in Canada to its Canadian borrowers, and (b) the average CDOR Rate for a 30-day term plus ½ of 1.0% per annum, adjusted automatically with each quoted or established change in such rate, all without the necessity of any notice to any Borrower or any other Person. Such prime rate is based on various factors including cost and desired return, general economic conditions and other factors, and is used as a reference point for pricing some loans, which may be priced at, above, or below such announced rate. Any change in the prime rate shall take effect at the opening of business on the day specified in the public announcement of such change.

“Canadian Prime Rate Loan” means a Loan bearing interest at the Canadian Prime Rate.

“CORRA” means the Canadian Overnight Repo Rate Average administered and published by the Bank of Canada (or any successor administrator).

“Daily Compounded CORRA” means, for any day, CORRA with interest accruing on a compounded daily basis, with the methodology and conventions for this rate being established by the Administrative Agent.

“Floor” means the benchmark rate floor, if any, provided in this Agreement initially (as of the execution of this Agreement, the modification, amendment or renewal of this Agreement or otherwise) with respect to CDOR.

“Relevant Canadian Governmental Body” means the Bank of Canada, or a committee officially endorsed or convened by the Bank of Canada, or any successor thereto.

“Term CORRA” means, for the applicable corresponding tenor, the forward-looking term rate based on CORRA that has been selected or recommended by the Relevant Canadian Governmental Body, and that is published by an authorized benchmark administrator and is displayed on a screen or other information service, as identified or selected by the Administrative Agent in its reasonable discretion at approximately a time and as of a date prior to the commencement of an Interest Period determined by the Administrative Agent in its reasonable discretion in a manner substantially consistent with market practice.

“Term CORRA Notice” means the notification by the Administrative Agent to the Lenders and Carpenter of the occurrence of a Term CORRA Transition Event.

“Term CORRA Transition Date” means, in the case of a Term CORRA Transition Event, the date that is set forth in the Term CORRA Notice provided to the Lenders and Carpenter, for the replacement of the then-current Canadian Benchmark with the Canadian Benchmark Replacement described in clause (a)(i) of such definition, which date shall be at least thirty (30) Business Days from the date of the Term CORRA Notice.

“Term CORRA Transition Event” means the determination by the Administrative Agent that (a) Term CORRA has been recommended for use by the Relevant Canadian Governmental Body, and is determinable for any Available Tenor, (b) the administration of Term CORRA is administratively feasible for the Administrative Agent, (c) a Canadian Benchmark Replacement, other than Term CORRA, has replaced CDOR in accordance with this Section 3.03(e) and (d) Borrower has provided a written request to Administrative Agent to transition to Term CORRA.

(f) Required Lenders. For the purposes of this Section 3.03, those Lenders that either have not made, or do not have an obligation under this Agreement to make, the relevant Loans in the Agreed Currency shall be excluded from any determination of “Required Lenders”, “Required AC Lenders” and “Required USD Lenders”, as the case may be.

### **3.04 Increased Costs.**

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

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

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

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

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

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

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

(d) Delay in Requests. Failure or delay on the part of any Lender or the L/C Issuer to demand compensation pursuant to the foregoing provisions of this Section shall not constitute a waiver of such Lender's or the L/C Issuer's right to demand such compensation; provided that no Borrower shall be required to compensate a Lender or the L/C Issuer pursuant to the foregoing provisions of this Section 3.04 for any increased costs incurred or reductions suffered more than six months prior to the date that such Lender or the L/C Issuer, as the case may be, notifies Carpenter of the Change in Law giving rise to such increased costs or reductions and of such Lender's or the L/C Issuer's intention to claim compensation therefor (except that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the six-month period referred to above shall be extended to include the period of retroactive effect thereof).

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

(a) any continuation, conversion, payment or prepayment of any Loan other than a Base Rate Loan on a day other than the last day of any Interest Period, relevant interest payment date or payment period, as applicable, for such Loan, if applicable (whether voluntary, mandatory, automatic, by reason of acceleration, or otherwise);

(b) any failure by any Borrower (for a reason other than the failure of such Lender to make a Loan) to prepay, borrow, continue or convert any Loan other than a Base Rate Loan on the date or in the amount notified by Carpenter or the applicable Subsidiary Borrower;

(c) any assignment of a Term Rate Loan on a day other than the last day of the Interest Period therefor as a result of a request by Carpenter pursuant to Section 11.13; or

(d) any failure by any Borrower to make payment of any Loan or drawing under any Letter of Credit (or interest due thereon) denominated in an Alternative Currency on its scheduled due date or any payment thereof in a different currency; or

(e) any assignment of a Term Rate Loan on a day other than the last day of the Interest Period therefor as a result of a request by Carpenter pursuant to Section 11.13;

including any loss of anticipated profits, any foreign exchange losses and any loss or expense arising from the liquidation or reemployment of funds obtained by it to maintain such Loan, from fees payable to terminate the deposits from which such funds were obtained or from the performance of any foreign exchange contract. Carpenter shall also pay (or cause the applicable Subsidiary Borrower to pay) any customary administrative fees charged by such Lender in connection with the foregoing.

For purposes of calculating amounts payable by Carpenter (or the applicable Subsidiary Borrower) to the Lenders under this Section 3.05, each Lender shall be deemed to have funded each Alternative Currency Term Rate Loan made by it at the Relevant Rate for such Loan by a matching deposit or other borrowing in the offshore interbank market for such currency for a comparable amount and for a comparable period, whether or not such Alternative Currency Term Rate Loan was in fact so funded.

### **3.06 Mitigation Obligations; Replacement of Lenders.**

(a) Designation of a Different Lending Office. Each Lender may make any Credit Extension to a Borrower through any Lending Office, provided that the exercise of this option shall not affect the obligation of such Borrower to repay the Credit Extension in accordance with the terms of this Agreement. If any Lender requests compensation under Section 3.04, or requires any Borrower to pay any Indemnified Taxes or additional amounts to any Lender, the L/C Issuer, or any Governmental Authority for the account of any Lender or the L/C Issuer pursuant to Section 3.01, or if any Lender gives a notice pursuant to Section 3.02, then at the request of Carpenter, such Lender or the L/C Issuer shall, as applicable, use reasonable efforts to designate a different Lending Office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the judgment of such Lender or the L/C Issuer, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 3.01 or 3.04, as the case may be, in the future, or eliminate the need for the notice pursuant to Section 3.02, as applicable, and (ii) in each case, would not subject such Lender or the L/C Issuer, as the case may be, to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender or the L/C Issuer, as the case may be. Carpenter hereby agrees to pay (or to cause the applicable Subsidiary Borrower to pay) all reasonable costs and expenses incurred by any Lender or the L/C Issuer in connection with any such designation or assignment.

(b) Replacement of Lenders. If any Lender requests compensation under Section 3.04, or if 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 3.01 and, in each case, such Lender has declined or is unable to designate a different lending office in accordance with Section 3.06(a), such Borrower may replace such Lender in accordance with Section 11.13.

**3.07 Survival.** All of the Borrowers' obligations under this Article III shall survive termination of the Aggregate Commitments, repayment of all other Obligations hereunder, resignation of the Administrative Agent and the Facility Termination Date.

## **ARTICLE IV CONDITIONS PRECEDENT TO CREDIT EXTENSIONS**

**4.01 Conditions of Initial Credit Extension.** The obligation of the L/C Issuer and each Lender to make its initial Credit Extension hereunder is subject to satisfaction of the following conditions precedent:

(a) The Administrative Agent's receipt of the following, each of which shall be originals or telecopies (followed promptly by originals) unless otherwise specified, each properly executed by a Responsible Officer of the signing Loan Party, each dated the Closing Date (or, in the case of certificates of governmental officials, a recent date on or before the Closing Date) and each in form and substance satisfactory to the Administrative Agent and each of the Lenders:

- (i) executed counterparts of this Agreement, the Security Agreement and each other Collateral Document;

(ii) Notes executed by the Borrowers in favor of each Lender requesting a Note;

(iii) such certificates of resolutions or other action, incumbency certificates and/or other certificates of Responsible Officers of each Loan Party as the Administrative Agent may require evidencing the identity, authority and capacity of each Responsible Officer thereof authorized to act as a Responsible Officer in connection with this Agreement and the other Loan Documents to which such Loan Party, is a party;

(iv) such documents and certifications as the Administrative Agent may reasonably require to evidence that each Loan Party is (A) duly organized or formed and (B) validly existing, in good standing and qualified to engage in business in each jurisdiction where its ownership, lease or operation of properties or the conduct of its business requires such qualification, except to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect;

(v) a favorable opinion of counsel to the Loan Parties, addressed to the Administrative Agent and each Lender (which opinion shall expressly permit reliance by successors and permitted assigns of the addressees thereof);

(vi) a certificate of a Responsible Officer of each of Loan Party either (A) attaching copies of all consents, licenses and approvals required in connection with the execution, delivery and performance by such Loan Party and the validity against such Loan Party of the Loan Documents to which it is a party, and such consents, licenses and approvals shall be in full force and effect, or (B) stating that no such consents, licenses or approvals are so required;

(vii) a certificate signed by a Responsible Officer of Carpenter certifying (A) that the conditions specified in Sections 4.02(a) and (b) have been satisfied, (B) that there has been no event or circumstance since June 30, 2022 that has had or could be reasonably expected to have, either individually or in the aggregate, a Material Adverse Effect; and (C) the Consolidated Total Leverage Ratio as of December 31, 2022;

(viii) searches of UCC filings in the jurisdiction of incorporation or formation, as applicable, of each Loan Party and each jurisdiction where any Collateral is located or where a filing would need to be made in order to perfect the Administrative Agent's security interest in the Collateral, copies of the financing statements on file in such jurisdictions and evidence that no Liens exist other than Permitted Liens;

(ix) completed UCC financing statements for each appropriate jurisdiction as is necessary, in the Administrative Agent's sole discretion, to perfect the Administrative Agent's security interest in the Collateral;

(x) evidence that all insurance required to be maintained pursuant to the Loan Documents has been obtained and is in effect;

(xi) such other assurances, certificates, documents, consents or opinions as the Administrative Agent, the L/C Issuer, the Swing Line Lender or the Required Lenders reasonably may require.

(b) Any fees required to be paid on or before the Closing Date shall have been paid (including, without limitation, all fees to be paid pursuant to Section 2.10(b)) to the Administrative Agent, the Arrangers and the Lenders and any other accrued and unpaid fees or commissions due hereunder.

(c) Unless waived by the Administrative Agent, Carpenter shall have paid all reasonable fees, charges and disbursements of counsel to the Administrative Agent (directly to such counsel if requested by the Administrative Agent) to the extent actually incurred and invoiced prior to or on the Closing Date, plus such additional amounts of such fees, charges and disbursements as shall constitute its reasonable estimate of such fees, charges and disbursements incurred or to be incurred by it through the closing proceedings (provided that such estimate shall not thereafter preclude a final settling of accounts between Carpenter and the Administrative Agent).

(d) (i) Upon the reasonable request of any Lender made at least seven (7) days prior to the Closing Date, the Borrowers shall have provided to such Lender, and such Lender shall be reasonably satisfied with, the documentation and other information so requested in connection with applicable "know your customer" and anti-money-laundering rules and regulations, including, without limitation, the Patriot Act, in each case at least three (3) days prior to the Closing Date and (ii) at least three (3) days prior to the Closing Date, any Loan Party that qualifies as a "legal entity customer" under the Beneficial Ownership Regulation shall have delivered, to each Lender that so requests, a Beneficial Ownership Certification in relation to such Loan Party.

Without limiting the generality of Section 9.03, for purposes of determining compliance with the conditions specified in this Section 4.01, each Lender that has signed this Agreement shall be deemed to have consented to, approved or accepted or to be satisfied with, each document or other matter required thereunder to be consented to or approved by or acceptable or satisfactory to a Lender unless the Administrative Agent shall have received notice from such Lender prior to the proposed Closing Date specifying its objection thereto.

**4.02 Conditions to all Credit Extensions.** Subject to Section 1.11 solely with respect to any Incremental Term Loans incurred to finance a substantially concurrent Limited Condition Acquisition, the obligation of each Lender to honor any Request for Credit Extension (other than a Committed Loan Notice requesting only a conversion of Committed Loans to the other Type, or a continuation of Term Rate Loans) is subject to the following conditions precedent:

(a) The representations and warranties of (i) the Borrowers and each other Loan Party contained in Article V and (ii) each Borrower and each other Loan Party contained in each other Loan Document or in any document furnished at any time under or in connection herewith or therewith, shall be true and correct in all material respects (unless such representation and warranty is subject to a materiality or Material Adverse Effect qualifier in which case it will be true and correct in all respects) on and as of the date of such Credit Extension, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they shall be true and correct as of such earlier date, and except that for purposes of this Section 4.02, the representations and warranties contained in subsections (a) and (b) of Section 5.05 shall be deemed to refer to the most recent statements furnished pursuant to clauses (a) and (b), respectively, of Section 6.01.

(b) No Default shall exist or would result from such proposed Credit Extension or the application of the proceeds thereof.

(c) The Administrative Agent and, if applicable, the L/C Issuer or the Swing Line Lender shall have received a Request for Credit Extension in accordance with the requirements hereof.

(d) If the applicable Borrower is a Subsidiary Borrower, then the conditions of Section 2.15 to the designation of such Borrower as a Subsidiary Borrower shall have been met to the satisfaction of the Administrative Agent.

(e) In the case of a Credit Extension to be denominated in an Alternative Currency, such currency remains an Eligible Currency.

Each Request for Credit Extension (other than a Committed Loan Notice requesting only a conversion of Committed Loans to the other Type or a continuation of Term Rate Loans) submitted by Carpenter shall be deemed to be a representation and warranty that the conditions specified in Sections 4.02(a) and (b) have been satisfied on and as of the date of the applicable Credit Extension.

#### **ARTICLE V REPRESENTATIONS AND WARRANTIES**

Each Loan Party represents and warrants to the Administrative Agent, the L/C Issuer and the Lenders as of the date made, or deemed made, that:

**5.01 Existence, Qualification and Power; Compliance with Laws.** Each Loan Party and their respective Subsidiaries (a) are corporations or other entities duly organized, validly existing and in good standing under the Laws of the jurisdiction of their respective incorporation or organization, (b) have all requisite power and authority and all governmental licenses, authorizations, consents and approvals (i) to own or lease their respective assets and carry on their respective business and (ii) to execute, deliver, and perform their respective obligations under the Loan Documents to which they are a party, (c) are duly qualified and licensed and are in good standing under the Laws of each jurisdiction where their ownership, lease or operation of properties or the conduct of their respective businesses require such qualification or license and (d) are in compliance with all Laws, except in each case referred to in clause (b)(i), (c) and this clause (d), to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect.

**5.02 Authorization; No Contravention.** The execution, delivery and performance by each Loan Party of each Loan Document to which it is party, has been duly authorized by all necessary corporate or similar action, and do not and will not (a) contravene the terms of its Organization Documents, (b) conflict with or result in any breach or contravention of, or the creation of any Lien under, or require any payment to be made under (i) any material Contractual Obligation to which such Person is a party or affecting such Person or any material properties of such Person or any of its Subsidiaries or (ii) any order, injunction, writ or decree of any Governmental Authority or any arbitral award to which such Person or its property is subject or (c) violate any Law.

**5.03 Governmental and Other Authorizations.** No approval, consent, exemption, authorization, or other action by, or notice to, or filing with, any Governmental Authority or any other Person is necessary or required in connection with (a) the execution, delivery or performance by, or enforcement against, any Loan Party of this Agreement or any other Loan Document, (b) the grant by any Loan Party of the Liens granted by it pursuant to the Collateral Documents, (c) the perfection or maintenance of the Liens created under the Collateral Documents (including the first priority nature thereof) or (d) the exercise by the Administrative Agent or any Lender of its rights under the Loan Documents or the remedies in respect of the Collateral pursuant to the Collateral Documents, other than (i) authorizations, approvals, actions, notices and filings which have been duly obtained and (ii) filings to perfect the Liens created by the Collateral Documents.

**5.04 Binding Effect.** This Agreement has been, and each other Loan Document, when delivered hereunder, will have been, duly executed and delivered by each Loan Party that is party thereto. This Agreement constitutes, and each other Loan Document to which any Loan Party is a party when executed and delivered will constitute, a legal, valid and binding obligation of such Loan Party enforceable against such Loan Party in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar Laws affecting the enforcement of creditors' rights generally and by equitable principles of general applicability (regardless of whether enforcement is sought by proceedings in equity or at law).

**5.05 Financial Condition.**

(a) **Annual Financial Statements.** The consolidated balance sheet of Carpenter and its Consolidated Subsidiaries as of June 30, 2022 and the related consolidated statements of income and cash flows for the fiscal year then ended, reported on by PricewaterhouseCoopers and set forth in Carpenter's 2022 Form 10-K, fairly present in all material respects, in conformity with GAAP, the consolidated financial position of Carpenter and its Consolidated Subsidiaries as of such date and their consolidated results of operations and cash flows for such fiscal year.

(b) **Interim Financial Statements.** The unaudited consolidated balance sheet of Carpenter and its Consolidated Subsidiaries as of December 31, 2022 and the related unaudited consolidated statements of income and cash flows for the six months then ended, set forth in Carpenter's Latest Form 10-Q, fairly present in all material respects, in conformity with GAAP applied on a basis consistent with the financial statements referred to in Section 5.05(a), the consolidated financial position of Carpenter and its Consolidated Subsidiaries as of such date and their consolidated results of operations and cash flows for such six-month period (subject to normal year-end audit adjustments and the absence of footnotes required under GAAP).

(c) **Material Adverse Effect.** Since June 30, 2022, there has been no Material Adverse Effect, and no event or development has occurred which could reasonably be expected to result in a Material Adverse Effect.

**5.06 Litigation.** There are no actions, suits, investigations or legal, equitable, arbitration or administrative proceedings pending or, to the knowledge of any Loan Party, threatened against or affecting Carpenter or any of its Subsidiaries or against any of their properties or revenues that (a) purport to affect or pertain to any Loan Document or (b) if determined adversely, could reasonably be expected, individually or in the aggregate, to result in a Material Adverse Effect.

**5.07 No Default.** Neither any Loan Party nor any Subsidiary thereof is in default in any respect under any Contractual Obligation which default could reasonably be expected to have a Material Adverse Effect. No Default or Event of Default has occurred or exists or would result from the consummation of the transactions contemplated by this Agreement and the other Loan Documents.

**5.08 Ownership of Property; Liens.** Carpenter and each Subsidiary has good record and marketable title in fee simple to, or valid leasehold interests in, all real property necessary in the ordinary conduct of its business, except for such defects in title as would not, individually or in the aggregate, have a Material Adverse Effect. As of the Closing Date, the property of Carpenter and its Subsidiaries is subject to no Liens, other than Liens permitted by [Section 7.01](#).

**5.09 Environmental Compliance.** Carpenter and its Subsidiaries conduct in the ordinary course of business a review of the effect of existing Environmental Laws and claims alleging potential liability or responsibility for violation of any Environmental Law on their respective businesses, operations and properties, and as a result thereof each Borrower has reasonably concluded that such Environmental Laws and claims would not, individually or in the aggregate, have a Material Adverse Effect.

**5.10 Insurance.** The properties of Carpenter and its Subsidiaries are insured with financially sound and reputable insurance companies not Affiliates of Carpenter, in such amounts, with such deductibles and covering such risks as are customarily carried by companies engaged in similar businesses and owning similar properties in localities where Carpenter or its Subsidiaries operate.

**5.11 Taxes.** Carpenter and its Subsidiaries have filed all Federal, state, material local, material foreign and other material tax returns and reports required to be filed, and have paid all Federal, state, material local, material foreign and other material taxes, assessments, fees and other governmental charges levied or imposed upon them or their properties, income or assets otherwise due and payable, except those which are being contested in good faith by appropriate proceedings and for which adequate reserves have been provided in accordance with GAAP. There is no proposed tax assessment against Carpenter or any Subsidiary that would, if made, have a Material Adverse Effect. Neither any Loan Party nor any Subsidiary thereof is party to any tax sharing agreement other than such an agreement by and between Carpenter and/or its Subsidiaries. The filing and recording of any and all documents to perfect the security interests granted to the Administrative Agent for the benefit of the Secured Parties will not result in any documentary, stamp or other taxes that have not or will not be timely paid.

## 5.12 ERISA and Foreign Benefit Plan Compliance.

(a) Except as would not have a Material Adverse Effect, each Pension Plan (but only to the knowledge of Carpenter or any ERISA Affiliate with respect to any Multiemployer Plan) is in compliance in all material respects with the applicable provisions of ERISA, the Code and other Federal or state Laws. Each Plan that is intended to qualify under Section 401(a) of the Code has received a favorable determination letter from the IRS to the effect that the form of such Plan is qualified under Section 401(a) of the Code and the trust related thereto has been determined by the IRS to be exempt from federal income tax under Section 501(a) of the Code or an application for such a letter is currently being processed by the IRS with respect thereto and, to the knowledge of Carpenter, nothing has occurred which would prevent, or cause the loss of, such qualification and which would result in a Material Adverse Effect. Except as would not have a Material Adverse Effect, (i) each Borrower and each ERISA Affiliate have made all required contributions to each Plan subject to Section 412 of the Code, and (ii) no application for a funding waiver or an extension of any amortization period pursuant to Section 412 of the Code has been made with respect to any Plan.

(b) There are no pending or, to the knowledge of Carpenter, threatened claims, actions or lawsuits (other than routine claims for benefits), or action by any Governmental Authority, with respect to any Pension Plan that could be reasonably expected to have a Material Adverse Effect. There has been no prohibited transaction or violation of the fiduciary responsibility rules with respect to any Pension Plan that has resulted or could be reasonably expected to result in a Material Adverse Effect.

(c) Except as would not result in a Material Adverse Effect, (i) no ERISA Event has occurred, and no Borrower nor any ERISA Affiliate is aware of any fact, event or circumstance that could reasonably be expected to constitute or result in an ERISA Event with respect to any Pension Plan; (ii) no Borrower nor any ERISA Affiliate has incurred, or reasonably expects to incur, any liability to the PBGC other than for the payment of premiums, and there are no premium payments which have become due that are unpaid; (iii) each Borrower and each ERISA Affiliate have met all applicable requirements under the Pension Funding Rules in respect of each Pension Plan, and no waiver of the minimum funding standards under the Pension Funding Rules has been applied for or obtained; (iv) as of the most recent valuation date for any Pension Plan, the funding target attainment percentage (as defined in Section 430(d)(2) of the Code) is 60% or higher and no Borrower nor any ERISA Affiliate knows of any facts or circumstances that could reasonably be expected to cause the funding target attainment percentage for any such plan to drop below 60% as of the most recent valuation date; (v) no Borrower nor any ERISA Affiliate has engaged in a transaction that could be subject to Section 4069 or Section 4212(c) of ERISA; and (vi) no Pension Plan has been terminated by the plan administrator thereof nor by the PBGC, and no event or circumstance has occurred or exists that could reasonably be expected to cause the PBGC to institute proceedings under Title IV of ERISA to terminate any Pension Plan.

(d) With respect to any Foreign Benefit Plan, (i) each Foreign Benefit Plan is in compliance with Applicable Law except as would not result in a Material Adverse Effect or to the extent set forth in subparagraph (ii), (ii) the aggregate of the accumulated benefit obligations under all Foreign Benefit Plans does not exceed the current fair market value of the assets held in the trust or similar funding vehicles for such Foreign Benefit Plans in an amount in excess of \$20,000,000, and (iii) reasonable reserves have been established in accordance with prudent business practice or where required by ordinary accounting practices in the jurisdiction in which each material Foreign Benefit Plan is maintained. There are no actions, suits or claims (other than routine claims for benefits) pending, or to the knowledge of Carpenter, threatened against it or any of the Borrowers or any of their respective Subsidiaries with respect to any Foreign Benefit Plan, except as would not result in a Material Adverse Effect.

**5.13 Subsidiaries; Equity Interests.** Schedule 5.13 sets forth as of the Closing Date a complete and accurate list of all Subsidiaries of each Loan Party, the jurisdiction of formation of each such Subsidiary, the number of outstanding shares of each class of Equity Interests, the number and percentage of outstanding shares of each class of Equity Interests of each such Subsidiary owned (directly or indirectly) by any Person, the number and effect, if exercised, of all Equity Equivalents with respect to Equity Interests of each such Subsidiary, the true and correct U.S. taxpayer identification number of Carpenter and each Loan Party that is a Domestic Subsidiary and the true and correct unique identification number of each Subsidiary Borrower that is a Foreign Subsidiary that has been issued by its jurisdiction of organization and the name of such jurisdiction.

**5.14 Margin Regulation; Investment Company Act.**

(a) None of Carpenter and its Subsidiaries is engaged principally, or as one of its important activities, in the business of extending credit for the purpose of purchasing or carrying “margin stock” within the meaning of Regulation U. No part of the Letters of Credit or proceeds of the Loans will be used, directly, or indirectly, for the purpose of purchasing or carrying any “margin stock” within the meaning of Regulation U. Following the application of the proceeds of each Borrowing or drawing under each Letter of Credit, not more than 25% of the value of the assets (either of the applicable Borrower only or of such Borrower and its Subsidiaries on a consolidated basis) subject to the provisions of Section 7.01 or 7.05 or subject to any restriction contained in any agreement or instrument between any Borrower and any Lender or any Affiliate of any Lender relating to Indebtedness and within the scope of Section 8.01(f) will be margin stock. None of the transactions contemplated by this Agreement (including the direct or indirect use of the proceeds of the Loans) will violate or result in a violation of the Securities Act, the Exchange Act or regulations issued pursuant thereto, or Regulations T, U or X.

(b) None of Carpenter, any Person Controlling Carpenter, or any Subsidiary is or is required to be registered as an “investment company” under the Investment Company Act of 1940.

**5.15 Disclosure.** No report, financial statement, certificate or other information furnished by or on behalf of any Loan Party to the Administrative Agent or any Lender in connection with any Loan Document, taken as a whole, contains any misstatement of material fact or omits to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not materially misleading; provided that, with respect to projected financial information, the Borrowers represent only that such information was prepared in good faith based upon assumptions believed to be reasonable at the time (it being understood that such projected financial information is subject to significant uncertainties and contingencies, many of which are beyond the control of the Borrowers, and that no assurances can be given that such projections will be realized).

**5.16 Intellectual Property.** Carpenter and its Subsidiaries own, or possess the right to use, all of the trademarks, service marks, trade names, copyrights, patents, patent rights, franchises, licenses, trade secrets (including unpatented proprietary or confidential information, systems or procedures protected as trade secrets) and other intellectual property rights (collectively, “IP Rights”) that are reasonably necessary for the operation of their respective businesses, without conflict with the rights of any other Person, except where the failure to own or possess the right to use any such IP Rights would not reasonably be expected to have a Material Adverse Effect. To the knowledge of any Borrower, no slogan or other advertising device, product, process, method, substance, part or other material now employed, or now contemplated to be employed, by Carpenter or any Subsidiary infringes upon any rights held by any other Person, except where such infringement would not reasonably be expected to have a Material Adverse Effect. No claim or litigation regarding any of the foregoing is pending or, to the knowledge of any Borrower, threatened, and no patent, invention, device, application, principle or any Law is pending or, to the knowledge of any Borrower, proposed, which, in either case, could reasonably be expected to have a Material Adverse Effect.

**5.17 Compliance with Laws.** Each Borrower and each Subsidiary thereof is in compliance in all material respects with the requirements of all Laws and all orders, writs, injunctions and decrees applicable to it or to its properties, except in such instances in which (a) such requirement of Law or order, writ, injunction or decree is being contested in good faith by appropriate proceedings diligently conducted or (b) the failure to comply therewith, either individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect.

**5.18 Representations as to Foreign Loan Parties.** Each Foreign Loan Party represents and warrants to the Administrative Agent and the Lenders that:

(a) Such Foreign Loan Party is subject to civil and commercial Laws with respect to its obligations under this Agreement and the other Loan Documents to which it is a party (collectively as to such Foreign Loan Party, the “Applicable Foreign Loan Party Documents”), and the execution, delivery and performance by such Foreign Loan Party of the Applicable Foreign Loan Party Documents constitute and will constitute private and commercial acts and not public or governmental acts. Neither such Foreign Loan Party nor any of its property has any immunity from jurisdiction of any court or from any legal process (whether through service or notice, attachment prior to judgment, attachment in aid of execution, execution or otherwise) under the Laws of the jurisdiction in which such Foreign Loan Party is organized and existing in respect of its obligations under the Applicable Foreign Loan Party Documents.

(b) The Applicable Foreign Loan Party Documents are in proper legal form under the Laws of the jurisdiction in which such Foreign Loan Party is organized and existing for the enforcement thereof against such Foreign Loan Party under the Laws of such jurisdiction, and to ensure the legality, validity, enforceability, priority or admissibility in evidence of the Applicable Foreign Loan Party Documents. It is not necessary to ensure the legality, validity, enforceability, priority or admissibility in evidence of the Applicable Foreign Loan Party Documents that the Applicable Foreign Loan Party Documents be filed, registered or recorded with, or executed or notarized before, any court or other authority in the jurisdiction in which such Foreign Loan Party is organized and existing or that any registration charge or stamp or similar tax be paid on or in respect of the Applicable Foreign Loan Party Documents or any other document.

(c) There is no material tax, levy, impost, duty, fee, assessment or other governmental charge, or any deduction or withholding, imposed by any Governmental Authority in or of the jurisdiction in which such Foreign Loan Party is organized and existing either (i) on or by virtue of the execution or delivery of the Applicable Foreign Loan Party Documents or (ii) on any payment to be made by such Foreign Loan Party pursuant to the Applicable Foreign Loan Party Documents.

(d) The execution, delivery and performance of the Applicable Foreign Loan Party Documents executed by such Foreign Loan Party are, under applicable foreign exchange control regulations of the jurisdiction in which such Foreign Loan Party is incorporated or organized and existing, not subject to any notification or authorization except such as have been made or obtained.

### **5.19 Collateral Representations.**

(a) Collateral Documents. The provisions of the Collateral Documents are effective to create in favor of the Administrative Agent for the benefit of the Secured Parties a legal, valid and enforceable first priority Lien on all right, title and interest of the respective Loan Parties in the Collateral described therein. Except for filings completed prior to the Closing Date and as contemplated hereby and by the Collateral Documents, no filing or other action will be necessary to perfect or protect such Liens.

(b) Deposit Accounts. Set forth on Schedule 5.19(b), as of the Closing Date and as of the last date such Schedule 5.19(b) was required to be updated in accordance with Sections 6.01(e) or 6.14, is a description of all deposit accounts of the Domestic Loan Parties, including (i) the name of the applicable Domestic Loan Party, (ii) the depository institution and average amount held in such deposit account for the most recent fiscal quarter for which financial statements have been (or are required to have been) delivered, (iii) whether such account is a zero balance account or a payroll account, and (iv) whether such account is an account where proceeds of Inventory or Receivables are or may be deposited or maintained.

(c) Properties. Set forth on Schedule 5.19(c), as of the Closing Date and as of the last date such Schedule 5.19(c) was required to be updated in accordance with Sections 6.01(e) or 6.14, is a list of (A) each headquarter location of the Domestic Loan Parties, (B) each other location where any significant administrative or governmental functions are performed, (C) each other location where the Domestic Loan Parties maintain any books or records (electronic or otherwise) and (D) each location where any personal property Collateral is located at any premises owned or leased by a Domestic Loan Party (in each case, including (1) an indication if such location is leased or owned, (2), if leased, the name of the lessor, and if owned, the name of the Loan Party owning such property, and (3) the address of such property (including, the city, county, state and zip code)).

(d) **Pledged Equity Interests.** Set forth on Schedule 9(k) of the Security Agreement, as of the Closing Date and as of the last date such Schedule was required to be updated in accordance with Sections 6.01(e) or 6.14, is a list of (i) all Pledged Equity and (ii) all other Equity Interests required to be pledged to the Administrative Agent pursuant to the Collateral Documents (in each case, detailing the Grantor (as defined in the Security Agreement), the Person whose Equity Interests are pledged, the number of shares of each class of Equity Interests, the certificate number and percentage ownership of outstanding shares of each class of Equity Interests and the class or nature of such Equity Interests (i.e., voting, non-voting, preferred, etc.)).

(e) **Intellectual Property.** Set forth on Schedule 9(l) of the Security Agreement, as of the Closing Date and as of the last date such Schedule was required to be updated in accordance with Sections 6.01(e) or 6.14, is a list of all registered or issued U.S. patents, U.S. copyrights and U.S. trademarks (including all applications for registration and issuance) owned solely by one or more of the Loan Parties (including the name/title, current owner, registration or application number, and registration or application date and such other information as reasonably requested by the Administrative Agent).

**5.20 OFAC.** Neither Carpenter, nor any of its Subsidiaries, or, to the knowledge of Carpenter and its Subsidiaries, any director, officer, employee, agent or representative thereof is an individual or entity that is controlled by individuals or entities that are (i) currently the subject of any Sanctions, (ii) included on OFAC's List of Specially Designated Nationals, HMT's Consolidated List of Financial Sanctions Targets and the Investment Ban List, or any similar list enforced by any other sanctions authority having jurisdiction over Carpenter's or any of its Subsidiary's respective operations or (iii) located, organized or resident in a Designated Jurisdiction.

**5.21 Anti-Corruption Laws.** Carpenter and its Subsidiaries have conducted their business in compliance in all material respects with the United States Foreign Corrupt Practices Act of 1977, the UK Bribery Act 2010 and other similar anti-corruption legislation in other jurisdictions, and have instituted and maintained policies and procedures reasonably designed to promote and achieve compliance with such laws.

**5.22 Affected Financial Institutions.** No Loan Party is an Affected Financial Institution.

**5.23 Covered Entity.** No Loan Party is a Covered Entity.

**5.24 Beneficial Ownership Certification.** The information included in the Beneficial Ownership Certification, if applicable, is true and correct in all respects.

## ARTICLE VI AFFIRMATIVE COVENANTS

The Loan Parties hereby covenant and agree that on the Closing Date and thereafter until the Facility Termination Date, each Loan Party shall, and shall cause each of its Subsidiaries to:

**6.01 Information.** Furnish, or cause to be furnished, to the Administrative Agent and each Lender, in form and detail satisfactory to the Administrative Agent and the Required Lenders:

(a) Annual Financial Statements. As soon as available and in any event within ninety (90) days (or, if earlier and if applicable to Carpenter, the annual report deadline under the Exchange Act rules and regulations) after the end of each fiscal year of Carpenter, a consolidated balance sheet and income statement of Carpenter and its Consolidated Subsidiaries, as of the end of such fiscal year, and the related consolidated statements of operations and retained earnings and cash flows for such fiscal year, setting forth in comparative form consolidated figures for the preceding fiscal year, all such financial statements to be in reasonable form and detail and audited by independent certified public accountants of recognized national standing reasonably acceptable to the Administrative Agent and accompanied by an opinion of such accountants (which shall not be subject to any qualifications or exceptions as to the scope of the audit nor to any qualifications or exceptions not reasonably acceptable to the Required Lenders) to the effect that such consolidated financial statements have been prepared in accordance with GAAP and present fairly the consolidated financial position and consolidated results of operations and cash flows of Carpenter and its Consolidated Subsidiaries in accordance with GAAP consistently applied (except for changes with which such accountants concur).

(b) Quarterly Financial Statements. As soon as available, and in any event within forty-five (45) days (or, if earlier and if applicable to Carpenter, the quarterly report deadline under the Exchange Act rules and regulations) after the end of each of the first three fiscal quarters in each fiscal year of Carpenter, a consolidated balance sheet of Carpenter and its Consolidated Subsidiaries as of the end of such fiscal quarter, together with related consolidated statements of operations and retained earnings and cash flows for such fiscal quarter and the then elapsed portion of such fiscal year, setting forth in comparative form consolidated figures for the corresponding periods of the preceding fiscal year, all such financial statements to be in form and detail and reasonably acceptable to the Administrative Agent, and accompanied by a certificate of the chief financial officer of Carpenter to the effect that such quarterly financial statements have been prepared in accordance with GAAP and present fairly in all material respects the consolidated financial position and consolidated results of operations and cash flows of Carpenter and its Consolidated Subsidiaries in accordance with GAAP consistently applied, subject to changes resulting from normal year-end audit adjustments and the absence of footnotes required by GAAP.

(c) [Reserved.]

(d) Compliance Certificate. At the time of delivery of the financial statements provided for in Sections 6.01(a) and 6.01(b) above, a duly completed compliance certificate signed by the chief executive officer, chief financial officer, treasurer or controller of Carpenter, substantially in the form of Exhibit F (the "Compliance Certificate") (i) demonstrating compliance with the financial covenants contained in Section 7.12 by calculation thereof as of the end of the fiscal period covered by such financial statements, (ii) stating that no Default or Event of Default exists, or if any Default or Event of Default does exist, specifying the nature and extent thereof and what action Carpenter proposes to take with respect thereto, and (iii) stating whether, since the date of the most recent financial statements delivered hereunder, there has been any material change in GAAP as applied in the preparation of the financial statements of Carpenter and its Consolidated Subsidiaries, and, if so, describing such change.

(e) Updated Schedules. Concurrently with the delivery of the Compliance Certificate referred to in Section 6.01(d), updated Schedules 5.19(b) and 5.19(c) to this Agreement and updated Schedules 9(k) and 9(l) to the Security Agreement (which may be attached to the Compliance Certificate) to the extent required to make the representations related to such Schedules true and correct as of the date of such Compliance Certificate.

(f) Reports. Promptly after the same are filed or made available, copies, which may be in electronic format, of each annual report, proxy or financial statement or other report or communication sent to the stockholders of Carpenter, and copies of all annual, regular, periodic and special reports and registration statements which Carpenter may file or be required to file with the SEC under Section 13 or 15(d) of the Exchange Act, and not otherwise required to be delivered to the Administrative Agent pursuant hereto.

(g) Notices. Prompt notice, after obtaining knowledge thereof, of: (i) the occurrence of any Default or Event of Default; (ii) any matter that has resulted or may result in a Material Adverse Effect, including (A) breach or non-performance of, or any default under, a Contractual Obligation of Carpenter or any Subsidiary, which could reasonably be expected to have a Material Adverse Effect; (B) any dispute, litigation, investigation, proceeding or suspension between Carpenter or any Subsidiary and of Governmental Authority, which could reasonably be expected to have a Material Adverse Effect; (C) the commencement of, or any material development in, any litigation or proceeding affecting any Loan Party or any Subsidiary, including pursuant to any applicable Environmental Law, which could reasonably be expected to have a Material Adverse Effect; (D) any litigation, investigation or proceeding affecting any Loan Party or any Subsidiary in which the amount involved exceeds \$25,000,000, or in which injunctive relief or similar relief is sought, which relief, if granted, could be reasonably expected to have a Material Adverse Effect; (E) the occurrence of any ERISA Event, which could reasonably be expected to have a Material Adverse Effect; and (F) any material change in accounting policies or financial reporting practice by Carpenter or any Subsidiary. Each notice pursuant to this Section 6.01(g) shall (i) be accompanied by a statement of a Responsible Officer of Carpenter setting forth details of the occurrence referred to therein and stating what action Carpenter has taken and proposes to take with respect thereto and (ii) describe with particularity any and all provisions of this Agreement or other Loan Document that have been breached.

(h) Annual Business Plan and Budget. Prior to the 30th day after the beginning of each fiscal year of Carpenter (commencing with the fiscal year beginning July 1, 2021), an annual business plan and budget of Carpenter and its Consolidated Subsidiaries.

(i) Other Information. With reasonable promptness upon request therefor, such other information regarding the business, properties or financial condition of Carpenter or any Subsidiary as the Administrative Agent or the Required Lenders may reasonably request.

(j) **Lender Communications.** Documents required to be delivered pursuant to Section 6.01(a), (b) or (f) (to the extent any such documents are included in materials otherwise filed with the SEC) may be delivered electronically and if so delivered, shall be deemed to have been delivered on the date (i) on which Carpenter posts such documents, or provides a link thereto on Carpenter's website on the Internet at the website address listed on Schedule 11.02; or (ii) on which such documents are posted on Carpenter's behalf on an Internet or intranet website, if any, to which each Lender and the Administrative Agent have access (whether a commercial, third-party website or whether sponsored by the Administrative Agent); provided that: (i) Carpenter shall deliver paper copies of such documents to the Administrative Agent or any Lender that requests Carpenter to deliver such paper copies until a written request to cease delivering paper copies is given by the Administrative Agent or such Lender and (ii) Carpenter shall notify the Administrative Agent and each Lender (by telecopier or electronic mail) of the posting of any such documents and provide to the Administrative Agent by electronic mail electronic versions (i.e., soft copies) of such documents. Notwithstanding anything contained herein, in every instance Carpenter shall be required to provide a paper copy of the Compliance Certificates required by Section 6.01(d) to the Administrative Agent. Except for such Compliance Certificates, the Administrative Agent shall have no obligation to request the delivery or to maintain copies of the documents referred to above, and in any event shall have no responsibility to monitor compliance by Carpenter with any such request for delivery, and each Lender shall be solely responsible for requesting delivery to it or maintaining its copies of such documents.

Each Borrower hereby acknowledges that (a) the Administrative Agent and/or the Arranger will make available to the Lenders and the L/C Issuer materials and/or information provided by or on behalf of such Borrower hereunder (collectively, "Borrower Materials") by posting Borrower Materials on IntraLinks or another similar electronic system (the "Platform") and (b) certain of the Lenders (each, a "Public Lender") may have personnel who do not wish to receive material non-public information with respect to any of the Borrowers or their respective Affiliates, or the respective securities of any of the foregoing, and who may be engaged in investment and other market-related activities with respect to such Persons' securities. Each Borrower hereby agrees that (w) all Borrower Materials that are to be made available to Public Lenders shall be clearly and conspicuously marked "PUBLIC" which, at a minimum, shall mean that the word "PUBLIC" shall appear prominently on the first page thereof; (x) by marking Borrower Materials "PUBLIC," the Borrowers shall be deemed to have authorized the Administrative Agent, the Arranger, the L/C Issuer and the Lenders to treat such Borrower Materials as not containing any material non-public information with respect to the Borrowers or their respective securities for purposes of United States Federal and state securities laws (provided, however, that to the extent such Borrower Materials constitute Information, they shall be treated as set forth in Section 11.07); (y) all Borrower Materials marked "PUBLIC" are permitted to be made available through a portion of the Platform designated "Public Side Information;" and (z) the Administrative Agent and the Arranger shall be entitled to treat any Borrower Materials that are not marked "PUBLIC" as being suitable only for posting on a portion of the Platform not designated "Public Side Information." Notwithstanding the foregoing, no Borrower shall be under any obligation to mark any Borrower Materials "PUBLIC."

**6.02 Payment of Obligations.** Pay and discharge as the same shall become due and payable (after giving effect to all applicable grace and cure periods), all its obligations and liabilities which if not paid and discharged could reasonably be expected to have a Material Adverse Effect, including: (a) all tax liabilities, assessments and governmental charges or levies upon it or its properties or assets, unless the same are being contested in good faith by appropriate proceedings and adequate reserves in accordance with GAAP are being maintained by Carpenter or such Subsidiary; and (b) all lawful claims which, if unpaid, would by Law become a Lien (other than a Permitted Lien) upon its property.

**6.03 Preservation of Existence, Etc.** Preserve, renew and maintain in full force and effect its legal existence and good standing under the Laws of the jurisdiction of its organization; take all reasonable action to maintain all rights, privileges, permits licenses and franchises necessary in the normal conduct of its business, except in a transaction permitted by Section 7.04 or 7.05 and except where failure to do so could not reasonably be expected to have a Material Adverse Effect; and preserve or renew all of its registered patents, trademarks, trade names and service marks, the non-preservation or non-maintenance of which could reasonably be expected to have a Material Adverse Effect.

**6.04 Maintenance of Properties.** (a) Maintain, preserve and protect all of its material properties and equipment necessary in the operation of its business in good working order and condition, ordinary wear and tear and casualty excepted; and (b) make all necessary repairs thereto and renewals and replacements thereof except where the failure to do so could not reasonably be expected to have a Material Adverse Effect.

**6.05 Maintenance of Insurance.** Maintain with financially sound and reputable insurance companies not Affiliates of Carpenter, insurance with respect to its properties and business against loss or damage of the kinds customarily insured against by Persons engaged in the same or similar business, of such types and in such amounts as are customarily carried under similar circumstances by such other Persons.

**6.06 Compliance with Laws.** Comply in all material respects with the requirements of all Laws and all orders, writs, injunctions and decrees applicable to it or to its business or property, except in such instances in which (a) such requirement of Law or order, writ, injunction or decree is being contested in good faith or a bona fide dispute exists with respect thereto or (b) the failure to comply therewith could not be reasonably expected to have a Material Adverse Effect.

**6.07 Books and Records.** Maintain proper books of record and account, in which full, true and correct entries in conformity with GAAP shall be made of all financial transactions and matters involving the assets and business of Carpenter or such Subsidiary, as the case may be; and maintain such books of record and account in material conformity with all applicable requirements of any Governmental Authority having regulatory jurisdiction over Carpenter or such Subsidiary, as the case may be.

**6.08 Inspection Rights.** Permit representatives and independent contractors of the Administrative Agent (on behalf of the Administrative Agent and the Lenders) to visit and inspect any of its properties, to examine its corporate, financial and operating records, and make copies thereof or abstracts therefrom, and to discuss its affairs, finances and accounts with its directors, officers, and independent public accountants, at such reasonable times during normal business hours and as often as may be reasonably desired, upon reasonable advance notice to Carpenter all at the expense of Carpenter (provided that Carpenter shall only be obligated to reimburse the Administrative Agent for such expense in connection with one such visit per fiscal year so long as no Event of Default then exists); provided, however, that when an Event of Default exists, the Administrative Agent or any Lender (or any of their respective representatives or independent contractors) may do any of the foregoing at the expense of Carpenter at any time during normal business hours and without advance notice; provided, further, that Carpenter or any of its Subsidiaries reserves the right to restrict access to any of its facilities in accordance with reasonably adopted procedures relating to safety and security, it being acknowledged and agreed that such restriction shall not limit access to the books and records of Carpenter and its Subsidiaries and that any inspection that is restricted during normal business hours due to safety and security concerns may be conducted at a reasonable and mutually agreeable time outside of normal business hours.

**6.09 Compliance with ERISA.** Except as would not have a Material Adverse Effect, maintain, cause or make and cause of each of its ERISA Affiliates to maintain, cause or make (a) each Plan (other than any Multiemployer Plan) in compliance in all material respects with the applicable provisions of ERISA, the Code and other Federal or state Law; (b) each Pension Plan which is qualified under Section 401(a) of the Code to maintain such qualification; and (c) all required contributions to any Plan subject to Section 412 of the Code.

**6.10 Use of Proceeds.** Use the proceeds of the Credit Extensions (a) to repay or refinance, as applicable, certain Indebtedness of the Borrowers (including, without limitation, Indebtedness under the Existing Credit Agreement) in accordance with the terms hereof and pay any fees, commissions and expenses incurred in connection with the foregoing and (b) for working capital, capital expenditures and other lawful general corporate purposes not in contravention of any Law or of any Loan Document, including, without limitation, making Investments permitted by this Agreement.

**6.11 Approvals and Authorizations.** In the case of each Foreign Loan Party, maintain all authorizations, consents, approvals and licenses from, exemptions of, and filings and registrations with, each Governmental Authority of the jurisdiction in which each Foreign Loan Party is organized and existing, and all approvals and consents of each other Person in such jurisdiction, in each case that are required in connection with the Loan Documents, except where failure to do so could not reasonably be expected to have a Material Adverse Effect.

**6.12 Anti-Corruption Laws.** Conduct its business in compliance with the United States Foreign Corrupt Practices Act of 1977, the UK Bribery Act 2010 and other applicable anti-corruption legislation in other jurisdictions and with all applicable Sanctions, and maintain policies and procedures designed to promote and achieve compliance with such laws and Sanctions.

**6.13 Information Regarding Collateral.** Not effect any change (a) in any Domestic Loan Party's legal name, (b) in the location of any Domestic Loan Party's chief executive office, (c) in any Domestic Loan Party's identity or organizational structure, (d) in any Domestic Loan Party's Federal Taxpayer Identification Number or organizational identification number, if any, or (e) in any Domestic Loan Party's jurisdiction of organization (in each case, including by merging with or into any other entity, reorganizing, dissolving, liquidating, reorganizing or organizing in any other jurisdiction), until (i) it shall have given the Administrative Agent prior written notice (in the form of certificate signed by a Responsible Officer) of its intention so to do, clearly describing such change and providing such other information in connection therewith as the Administrative Agent may reasonably request and (ii) it shall have taken all action reasonably satisfactory to the Administrative Agent to maintain the perfection and priority of the security interest of the Administrative Agent for the benefit of the Secured Parties in the Collateral, if applicable.

#### 6.14 Covenant to Give Security.

(a) Account Control Agreements. Cause each deposit or other account, other than Excluded Accounts, into which proceeds of Collateral are deposited or maintained to be subject to a deposit account control agreement providing the Administrative Agent with “control” (as such term is used in Article 9 of the UCC), with springing dominion, in form and substance satisfactory to the Administrative Agent, subject, in the case of Loan Parties existing on the Closing Date, to Section 6.16.

(b) Landlord Waivers. In the case of any Domestic Loan Party, use commercially reasonable effort to, within sixty (60) days of becoming party to the Security Agreement, provide to the Administrative Agent such estoppel letters, consents and waivers from the landlords with respect to the following real property to the extent requested by the Administrative Agent (such letters, consents and waivers to be in form and substance satisfactory to the Administrative Agent): (i) each headquarter location of such Domestic Loan Party and each other location in the United States where any significant administrative or governmental functions are performed books or records (electronic or otherwise) are maintained and (ii) any other premises in the United States leased by such Domestic Loan Party where any personal property Collateral of such Domestic Loan Party having a book value of greater than \$10,000,000 is located, subject, in the case of Loan Parties existing on the Closing Date, to Section 6.16. In addition, in the case of the headquarters location of Carpenter, in connection with any renewal of the lease for such location, Carpenter shall use commercially reasonable efforts to obtain a landlord waiver in form and substance reasonably acceptable to the Administrative Agent.

(c) Updated Schedules. Promptly upon request by the Administrative Agent, provide the Administrative Agent with updated Schedules 5.19(b) and 5.19(c) to this Agreement and updated Schedules 9(k) and 9(l) to the Security Agreement.

(d) Further Assurances. At any time upon request of the Administrative Agent, promptly execute and deliver any and all further instruments, documents and opinions of counsel and take all such other action as the Administrative Agent may reasonably deem necessary or desirable to maintain in favor of the Administrative Agent, for the benefit of the Secured Parties, Liens and insurance rights on the Collateral that are duly perfected in accordance with the requirements of, or the obligations of the Loan Parties under, the Loan Documents and all Applicable Laws.

(e) New Domestic Loan Parties. Concurrently with any entity becoming a Domestic Loan Party, either as a Subsidiary Borrower or as a Subsidiary Guarantor, cause such entity to deliver to the Administrative Agent:

(i) a Security Joinder Agreement, duly executed by such Domestic Loan Party (with all schedules thereto appropriately completed);

(ii) if requested by the Administrative Agent, favorable opinions of counsel (which shall cover, among other things, the legality, validity, binding effect and enforceability of the documentation referred to in the foregoing clause (i));

(iii) current copies of the documents of the types referred to in clauses (iii) and (vi) of Section 4.01(a) and in Section 4.01(d), with respect to such Domestic Loan Party, all certified by the applicable Governmental Authority or appropriate officer as the Administrative Agent may elect, all in form and substance reasonably satisfactory to the Administrative Agent; and

(iv) to the extent required by Section 6.14(a) above, a deposit account control agreement;

(v) and such other documents or agreements as the Administrative Agent may reasonably request, including without limitation, updated Schedules 5.13 and 5.19(b).

**6.15 Further Assurances.** Promptly upon reasonable request by the Administrative Agent, or any Lender through the Administrative Agent, (a) correct any material defect or error that may be discovered in any Loan Document or, in the case of any Foreign Loan Party, in the execution, acknowledgment, filing or recordation thereof, and (b) do, execute, acknowledge, deliver, record, re-record, file, re-file, register and re-register any and all such further acts, deeds, certificates, assurances, documents and other instruments (including, in the case of any Foreign Loan Party, promptly completing any registration or stamping of documents as may be applicable) as the Administrative Agent, or any Lender through the Administrative Agent, may reasonably require from time to time and to the extent necessary, in order to (i) carry out more effectively the purposes of the Loan Documents, (ii) to the fullest extent permitted by Applicable Law, subject any Loan Party's or any of its Subsidiaries' properties, assets, rights or interests to the Liens now or hereafter intended to be covered by any of the Collateral Documents, (iii) perfect and maintain the validity, effectiveness and priority of any of the Collateral Documents and any of the Liens intended to be created thereunder and (iv) assure, convey, grant, assign, transfer, preserve, protect and confirm more effectively unto the Secured Parties the rights granted or now or hereafter intended to be granted to the Secured Parties under any Loan Document or under any other instrument executed in connection with any Loan Document to which any Loan Party or any of its Subsidiaries is or is to be a party, and cause each of its Subsidiaries to do so. Notwithstanding the foregoing or any other provision of this Agreement, in no event shall a Foreign Loan Party be required to grant to the Administrative Agent any security interest in any of the assets of such Foreign Loan Party, and no action under the laws of any jurisdiction other than the United States or any state thereof shall be required to be taken to create or perfect a security interest.

**6.16 Post-Closing Matters.** Not later than thirty (30) days after the Closing Date (or such later date as the Administrative Agent may agree in its sole discretion), Carpenter shall deliver, or cause to be delivered, (i) lender's loss payable endorsements naming the Administrative Agent as a lender's loss payee with respect to each property insurance policy of the Loan Parties, and (ii) additional insured endorsements naming the Administrative Agent as an additional insured with respect to each general liability insurance policy of the Loan Parties, in each case, in form and substance reasonably acceptable to the Administrative Agent.

**ARTICLE VII  
NEGATIVE COVENANTS**

Each Loan Party covenants and agrees that on the Closing Date and thereafter until the Facility Termination Date, no Loan Party shall, nor shall it permit any Subsidiary to, directly or indirectly:

**7.01 Liens.**

Create, incur, assume or suffer to exist any Lien upon any of its property, assets or revenues, whether now owned or hereafter acquired, except for the following (the "Permitted Liens"):

(a) Liens pursuant to any Loan Document;

(b) Liens existing on the Closing Date and listed on Schedule 7.01 and any renewals or extensions thereof, *provided* that (i) such liens shall not subsequently apply to any other property or assets of Carpenter and its Subsidiaries (other than accessions to and the proceeds of the property or assets subject to such Liens to the extent provided by the terms thereof on the date hereof), (ii) the amount secured or benefited thereby is not increased except as contemplated by Section 7.02(b), (iii) the direct or any contingent obligor with respect thereto is not changed, and (iv) any renewal or extension of the obligations secured or benefited thereby is permitted by Section 7.02(b);

(c) Liens for Taxes not yet due or which are being contested in good faith and by appropriate proceedings diligently conducted, if adequate reserves with respect thereto are maintained on the books of the applicable Person in accordance with GAAP (and as to which the property or assets subject to any such Lien is not yet subject to foreclosure, sale or loss on account thereof);

(d) statutory Liens such as carriers', warehousemen's, mechanics', materialmen's, repairmen's or other like Liens arising in the ordinary course of business which are not overdue for a period of more than thirty (30) days or which are being contested in good faith and by appropriate proceedings diligently conducted; *provided* that adequate reserves with respect thereto are maintained on the books of the applicable Person in accordance with GAAP;

(e) pledges or deposits in the ordinary course of business in connection with workers' compensation, unemployment insurance and other social security legislation, other than any Lien imposed by ERISA;

(f) deposits to secure the performance of bids, trade contracts and leases (other than Indebtedness), statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature incurred in the ordinary course of business;

(g) easements, rights-of-way, restrictions and other similar encumbrances affecting real property which, in the aggregate, are not substantial in amount, and which do not in any case materially detract from the value of the property subject thereto or materially interfere with the ordinary conduct of the business of the applicable Person;

(h) Liens securing judgments for the payment of money (or appeal or other surety bonds relating to such judgments) not constituting an Event of Default under Section 8.01(g);

(i) Liens securing Indebtedness permitted under Section 7.02(c); *provided* that (i) such Liens do not at any time encumber any property other than the property financed by such Indebtedness and the proceeds thereof and improvements, accessions and appurtenances thereto, and (ii) the Indebtedness secured thereby does not exceed the cost or fair market value, whichever is lower, of the property being acquired on the date of acquisition;

(j) bankers' Liens, rights of setoff and other similar Liens existing solely with respect to cash and Cash Equivalents on deposit in one or more accounts maintained by Carpenter or any of its Subsidiaries with any Lender, in each case in the ordinary course of business in favor of the bank or banks with which such accounts are maintained, securing solely the customary amounts owing to such bank with respect to cash management and operating account arrangements; *provided*, that in no case shall any such Liens secure (either directly or indirectly) the repayment of any Indebtedness;

(k) any interest or title of a lessor, licensor or sublessor under any lease, license or sublease or sublicense entered into by any Loan Party or any Subsidiary thereof in the ordinary course of business and covering only the assets so leased, licensed or subleased;

(l) Liens on property of a Person existing at the time such Person is merged into or consolidated with Carpenter or any Subsidiary of Carpenter or becomes a Subsidiary of Carpenter; *provided* that such Liens were not created in contemplation of such merger, consolidation or Investment and do not extend to any assets other than those of the Person merged into or consolidated with Carpenter or such Subsidiary or acquired by Carpenter or such Subsidiary, and the applicable Indebtedness secured by such Lien is permitted under Section 7.02(f)(i);

(m) any zoning, building or similar laws or rights reserved to or vested in any Governmental Authority;

(n) Liens securing Indebtedness permitted under Section 7.02(f)(i); *provided* that no such Lien shall extend to or cover any Collateral unless such Lien is subordinated to the Liens in favor of the Secured Parties created under the Loan Documents on such subordination and other terms, in each case, as are reasonably acceptable to the Administrative Agent;

(o) (i) Liens on assets of a Foreign Subsidiary in favor of any Foreign Obligation Provider securing the Foreign Subsidiary Secured Obligations permitted pursuant to Section 7.02(h) or (ii) Liens affecting property of Foreign Subsidiaries with an aggregate value not to exceed \$5,000,000;

(p) Any encumbrance or restriction (including put and call arrangements) with respect to Equity Interests of any joint venture or similar arrangement pursuant to any joint venture or similar agreement in connection with an Investment permitted hereunder; and

(q) Leases, subleases, licenses or sublicenses granted to others in the ordinary course of business that do not materially interfere with the ordinary conducts of Carpenter or any of its Subsidiaries and do not secure any Indebtedness.

## 7.02 Indebtedness.

Create, incur, assume or permit to exist any Indebtedness except:

(a) Indebtedness under the Loan Documents;

(b) Indebtedness of Carpenter and its Subsidiaries outstanding on the Closing Date and disclosed on Schedule 7.02 and any extensions, renewals or refinancings thereof; provided that (i) the amount of such Indebtedness is not increased at the time of such refinancing, refunding, renewal or extension except by an amount equal to a reasonable premium or other reasonable amount paid, and fees and expenses reasonably incurred, in connection with such refinancing and by an amount equal to any existing commitments unutilized thereunder and (ii) the terms relating to principal amount, amortization, maturity, collateral (if any) and subordination (if any), and other material terms taken as a whole, of any such refinancing, refunding, renewing or extending Indebtedness, and of any agreement entered into and of any instrument issued in connection therewith, are no less favorable in any material respect to the Loan Parties or the Lenders than the terms of any agreement or instrument governing the Indebtedness being refinanced, refunded, renewed or extended and the interest rate applicable to any such extending, renewing or refinancing Indebtedness does not exceed the then applicable market interest rate;

(c) Indebtedness in respect of Finance Leases, Synthetic Lease Obligations and purchase money obligations for fixed or capital assets within the limitations set forth in Section 7.01(i); provided that such Indebtedness is issued and any Liens securing such Indebtedness are created concurrently with, or within 180 days after, the acquisition of the asset financed;

(d) Unsecured Indebtedness of (i) Carpenter owed to any Subsidiary of Carpenter and (ii) any Subsidiary of Carpenter owed to Carpenter or any other Subsidiary of Carpenter, in each case to the extent such Indebtedness (x) if owed by a Loan Party, is subordinated to the Obligations hereunder and (y) is otherwise permitted under the provisions of Section 7.03 ("Intercompany Debt");

(e) Indebtedness consisting of obligations (contingent or otherwise) of Carpenter or any Subsidiary existing or arising under any Swap Contract, provided that (i) such obligations are (or were) entered into by such Person in the ordinary course of business for the purpose of directly mitigating risks associated with fluctuations in interest rates or foreign exchange rates, and not for purposes of speculation or taking a "market view;" and (ii) such Swap Contract does not contain any provision exonerating the non-defaulting party from its obligation to make payments on outstanding transactions to the defaulting party;

(f) (i) Indebtedness of Carpenter and its Subsidiaries not otherwise permitted by this Section 7.02 that is incurred after the Closing Date; provided that (A) not more than \$100,000,000 aggregate principal amount of such Indebtedness may be secured, (B) the maturity date of such Indebtedness is not earlier than July 15, 2028; (C) no Default or Event of Default shall have occurred and be continuing immediately before and immediately after giving effect to such incurrence and (D) after giving Pro Forma Effect to the incurrence of such Indebtedness and to the concurrent retirement of any other Indebtedness of Carpenter or any Subsidiary (including, in each case, any Indebtedness incurred or retired in connection therewith and including all other transactions that are required to be given Pro Forma Effect under this Credit Agreement that have occurred since the date of the last financial statements delivered to the Administrative Agent pursuant to Section 6.01(a) or (b)), Carpenter shall be in compliance with the financial covenants set forth in Section 7.12 as if measured on such date of incurrence and retirement; (ii) unsecured Indebtedness of Carpenter that is not Guaranteed by any Subsidiary other than the Subsidiary Borrowers and which such Indebtedness (and any Subsidiary Borrower's guarantee thereof) is subordinated in right and time of payment to the Obligations; and (iii) any Disqualified Stock which is only exchangeable or convertible into unsecured, subordinated Indebtedness of Carpenter as contemplated in sub-clause (ii) of this Section 7.02(f);

(g) Indebtedness under the Senior Notes and any Indebtedness issued, or the net proceeds of which are used to renew, refund, refinance, replace, defease or discharge the Senior Notes; provided that (i) the aggregate outstanding principal amount of the Senior Notes and any such Indebtedness does not exceed the sum of (A) \$700,000,000 plus (B) the amount of any customary fees and expenses, including premiums related to any such renewals, refundings, refinancings, replacements, defeasances or discharges, and, in the case of a renewal, refunding, refinancing or replacement, the issuance of such Indebtedness and (ii) the maturity date of such Indebtedness is not earlier than July 15, 2028; and

(h) Indebtedness under any Foreign Obligation Loan Document in an aggregate amount outstanding at any time not exceeding \$35,000,000.

### **7.03 Investments.**

Make or hold any Investment, except:

(a) Investments held by Carpenter or such Subsidiary in the form of Cash Equivalents and Eligible Investments;

(b) advances to officers, directors and employees of Carpenter and Subsidiaries in an aggregate amount not to exceed \$2,000,000 at any time outstanding, for travel, entertainment, relocation and analogous ordinary business purposes;

(c) (i) Investments by Carpenter and its Subsidiaries in their respective Subsidiaries outstanding on the date hereof, (ii) additional Investments by Carpenter and its Subsidiary in any Loan Party, (iii) additional Investments by Subsidiaries of Carpenter that are not Loan Parties in other Subsidiaries that are not Loan Parties and (iv) Investments by the Loan Parties in joint ventures or Subsidiaries that are not Loan Parties (A) existing on the date hereof and listed on Schedule 7.03 or (B) so long as no Default has occurred and is continuing or would result from such Investment, Investments made after the date hereof provided that, (x) such Investments do not constitute Acquisitions and (y) if, at the time any such Investment is made, the Consolidated Net Leverage Ratio under Section 7.12 is or would be equal to or greater than 3.50 to 1.00 on a proforma basis (after giving effect to such Investment and any Indebtedness incurred in connection therewith and including all other transactions that are required to be given Pro Forma Effect under this Credit Agreement that have occurred since the date of the last financial statements delivered to the Administrative Agent pursuant to Section 6.01(a) or (b)), the aggregate amount of such Investments together with all other Investments made under this clause (iv)(B), net of all dividends, distributions, returns of capital and payments in respect of Indebtedness received after the Closing Date by the Loan Parties from any joint ventures or any Subsidiaries that are not Loan Parties, shall not exceed \$75,000,000;

(d) Investments consisting of extensions of credit in the nature of accounts receivable or notes receivable arising from the sale or lease of goods or services in the ordinary course of business, and Investments received in satisfaction or partial satisfaction thereof from financially troubled account debtors to the extent reasonably necessary in order to prevent or limit loss;

(e) Investments permitted by Section 7.04;

(f) Permitted Acquisitions;

(g) Investments of a Subsidiary that is acquired after the Closing Date or of a Person merged into Carpenter or merged or consolidated with a Subsidiary of Carpenter in accordance with Section 7.04 after the Closing Date to the extent that such Investments were not made in contemplation of or in connection with such acquisition, merger or consolidation or were in existence on the date of such acquisition, merger or consolidation; and

(h) Investments, other than those permitted by clause (a) through (g) of this Section 7.03, in an aggregate outstanding amount not to exceed \$10,000,000.

#### **7.04 Fundamental Changes.**

Merge, dissolve, liquidate, consolidate with or into another Person, or Dispose of (whether in one transaction or in a series of transactions) all or substantially all of its assets (whether now owned or hereafter acquired) to or in favor of any Person, except that, so long as no Default or Event of Default exists or would result therefrom:

(a) any Subsidiary may merge or consolidate with (i) a Borrower, provided that such Borrower shall be the continuing or surviving Person, or in the case of a merger or consolidation involving Carpenter, Carpenter shall be the continuing or surviving Person, or (ii) any one or more Subsidiaries; provided that (A) when any Loan Party is merging with another Subsidiary, such Loan Party shall be the continuing or surviving Person and (B) when Wholly-Owned Subsidiary is merging or consolidating with another Subsidiary, the Wholly-Owned Subsidiary shall be the continuing or surviving Person;

(b) any Loan Party (other than Carpenter) may Dispose of all or substantially all of its assets (upon voluntary liquidation or otherwise), to another Loan Party, and any Subsidiary that is not a Loan Party may Dispose of all or substantially all of its assets (including any Disposition that is in the nature of a liquidation) to a Loan Party or to a Subsidiary that is not a Loan Party; provided that in the case of a transfer to a non-Loan Party, if the transferor in such a transaction is a Wholly-Owned Subsidiary, then the transferee must also be a Wholly-Owned Subsidiary;

(c) in connection with an Investment pursuant to Section 7.03(f), any Subsidiary of Carpenter may merge into or consolidate with any other Person or permit any other Person to merge into or consolidate with it; provided that (i) the Person surviving such merger shall be a Wholly-Owned Subsidiary of Carpenter and (ii) in the case of any such merger to which any Loan Party (other than Carpenter) is a party, such Loan Party shall be the continuing or surviving Person;

(d) so long as no Default has occurred and is continuing or would result therefrom, each of Carpenter and any of its Subsidiaries may merge into or consolidate with any other Person or permit any other Person to merge into or consolidate with it; provided, however, that in each case, immediately after giving effect thereto (i) in the case of any such merger to which Carpenter is a party, Carpenter is the surviving Person, and (ii) in the case of any such merger to which any Loan Party (other than Carpenter) is a party, such Loan Party is the surviving Person and if either such Person is a Borrower, a Borrower is the surviving Person;

(e) any Subsidiary of Carpenter may dissolve or liquidate at any time if Carpenter determines in good faith that such dissolution or liquidation is not materially disadvantageous to the Lenders and so long as the relevant Person complies with the provisions of Section 7.04(b); and

(f) any Subsidiary of Carpenter may convert its form from a corporation, limited liability company, partnership, association or other entity into a corporation, limited liability company, partnership, association or other entity at any time in Carpenter's sole discretion.

#### **7.05 Dispositions.**

Make any Disposition or enter into any agreement to make any Disposition, except:

- (a) Dispositions of obsolete or worn out property, whether now owned or hereafter acquired, in the ordinary course of business;
- (b) Dispositions of inventory in the ordinary course of business;
- (c) Dispositions of equipment or real property to the extent that (i) such property is exchanged for credit against the purchase price of similar replacement property or (ii) the proceeds of such Disposition are reasonably promptly applied to the purchase price of such replacement property;
- (d) Dispositions of property (i) to Carpenter or to a Wholly-Owned Subsidiary of Carpenter; provided that if the transferor of the property is a Loan Party, the transferee must be a Loan Party or (ii) to a joint venture, any non-Wholly-Owned Subsidiary of Carpenter or any Subsidiary that is not a Loan Party, to the extent cash for the fair market value of such property is received from such Disposition or such Disposition constitutes an Investment permitted by Section 7.03(c);
- (e) Dispositions permitted by Section 7.04;
- (f) Dispositions of Cash Equivalents and Eligible Investments in the ordinary course of business;

(g) the sale, assignment, transfer, Disposition, discount or forgiveness of accounts receivable (x) in the ordinary course of business (exclusive of factoring or similar arrangements) or (y) in connection with the collection or compromise thereof, so long as the account debtor with respect thereto has instituted or consented to the institution of any proceeding under any Debtor Relief Law;

(h) leases, subleases, licenses and sublicenses granted to others in the ordinary course of business that do not materially interfere with the ordinary conduct of the business of Carpenter or any of its Subsidiaries and do not secure Indebtedness; and

(i) in addition to the Dispositions permitted by clause (a) through clause (h) of this Section 7.05, Dispositions of property of Carpenter or any Subsidiary, including Equity Interests of any Subsidiary; provided that such Dispositions consummated during the term of this Agreement in the aggregate do not exceed twenty-five percent (25%) of the total assets of Carpenter and its Subsidiaries as of the Closing Date; provided further that to the extent the property subject to any such Disposition represents more than five percent (5%) of the total assets of Carpenter and its Subsidiaries as of the Closing Date, (i) no Default or Event of Default shall have occurred and be continuing and (ii) after giving effect to each such Disposition and the application of proceeds thereof, Carpenter shall be in Pro Forma Compliance as of the date of the Disposition with the covenants set forth in Section 7.12 of this Agreement;

provided, however, that any Disposition pursuant to clauses (a) through (i) of property having a book value in excess of \$25,000,000 shall be for fair market value.

#### **7.06 Restricted Payments.**

Declare or make, directly or indirectly, any Restricted Payment, or incur any obligation (contingent or otherwise) to do so, except that (so long as in the case of clause (c) no Default shall have occurred and be continuing at the time of any action described below or would result therefrom):

(a) each Subsidiary may make Restricted Payments to any Person that owns Equity Interests in such Subsidiary, ratably according to their respective holdings of the type of Equity Interest in respect of which such Restricted Payment is being made;

(b) Carpenter and each Subsidiary may declare and make dividend payments or other distributions payable solely in the Equity Interests (exclusive of Disqualified Stock) of such Person;

(c) Carpenter and each Subsidiary may purchase, redeem or otherwise acquire shares of its Equity Interests (exclusive of Disqualified Stock) or pay cash dividends to its stockholders so long as no Default has occurred and is continuing or would result therefrom and after giving Pro Forma Effect to any such purchase, redemption or other acquisition for value or payment of any such dividend (including any indebtedness incurred in connection therewith and including all other transactions that are required to be given Pro Forma Effect under this Credit Agreement that have occurred since the date of the last financial statements delivered to the Administrative Agent pursuant to Section 6.01(a) or (b)), Carpenter shall be in Pro Forma Compliance with the financial covenants set forth in Section 7.12; provided that, if after giving Pro Forma Effect to any such purchase, redemption or other acquisition for value or payment of any such dividend (including any indebtedness incurred in connection therewith and including all other transactions that are required to be given Pro Forma Effect under this Credit Agreement that have occurred since the date of the last financial statements delivered to the Administrative Agent pursuant to Section 6.01(a) or (b)), the Consolidated Net Leverage Ratio under Section 7.12 equals or exceeds 3.00 to 1.00, the aggregate amount expended for all such purchases, redemptions or other acquisitions or dividend payments under this Section 7.06(c) shall not exceed \$75,000,000 in any twelve month period.

**7.07 ERISA.** No Borrower will, nor will it cause or permit any Subsidiary or ERISA Affiliate to, at any time engage in a transaction which could be subject to Section 4069 or 4212(c) of ERISA, or permit any (a) Pension Plan to engage in any non-exempt “prohibited transaction” (as defined in Section 4975 of the Code); (b) Pension Plan to fail to comply with ERISA or any other Applicable Laws; or (c) Pension Plan to fail to satisfy any “minimum funding standard” (as defined in Section 302 of ERISA), which, with respect to each event listed above, could be reasonably expected to have a Material Adverse Effect.

**7.08 Change in Nature of Business.** Carpenter will not, nor will it cause or permit any Subsidiary to, at any time, engage in any material line of business substantially different from those lines of business conducted by Carpenter and its Subsidiaries on the Closing Date.

**7.09 Transactions with Affiliates.** Carpenter will not, nor will it cause or permit any of its Subsidiaries to, enter into any transaction of any kind with any Affiliate of Carpenter, other than arm’s-length transactions with Affiliates that are otherwise permitted hereunder, provided that the foregoing restrictions shall not apply to transactions between or among Carpenter and any of its Wholly-Owned Subsidiaries or between and among any Wholly-Owned Subsidiaries.

**7.10 Burdensome Agreements.** Carpenter will not, nor will it cause or permit any of its Subsidiaries to, enter into any Contractual Obligation that limits in any material manner the ability (a) of any Subsidiary to make Restricted Payments to Carpenter, (b) of any Subsidiary to otherwise transfer property to Carpenter or (c) of Carpenter or any Subsidiary to create, incur, assume or suffer to exist Liens on property of such Person (other than, (i) with respect to clause (a), (A) any agreement or instrument of a Person acquired by Carpenter or any of its Subsidiaries as in effect at the time of such acquisition (except to the extent such agreement or instrument was entered into or created in connection with or in contemplation of such acquisition), which limitation is not applicable to any Person or the properties or assets of any Person, other than the Person or the property or assets of the Person so acquired, (B) any agreement for the sale or other Disposition of assets, to the extent such sale is permitted pursuant to Section 7.05, that contains customary restrictions pending its sale or other Disposition, including restrictions on distributions by a Subsidiary pending its sale or other Disposition, and (C) customary restrictions found in joint venture agreements entered into in connection with Investments permitted pursuant to Section 7.03(c), and (ii) with respect to clauses (b) and (c), (A) Contractual Obligations entered into in connection with Permitted Liens, (B) customary non-assignment provisions in leases, licenses and other contracts otherwise permitted by this Agreement and entered into in the ordinary course of business so long as such restrictions relate only to the assets subject thereto, (C) any agreement or instrument of a Person acquired by Carpenter or any of its Subsidiaries as in effect at the time of such acquisition (except to the extent such agreement or instrument was entered into or created in connection with or in contemplation of such acquisition), which limitation is not applicable to any Person or the properties or assets of any Person, other than the Person or the property or assets of the Person, so acquired, (D) any agreement for the sale or other Disposition of assets, to the extent such sale or Disposition is permitted pursuant to Section 7.05, that contains customary restrictions pending its sale or other Disposition, including restrictions on distributions by a Subsidiary pending its sale or other Disposition and (E) customary restrictions found in joint venture agreements entered into in connection with Investments permitted pursuant to Section 7.03(c)).

**7.11 Use of Proceeds.** Carpenter will not, nor will it cause or permit any of its Subsidiaries to, use the proceeds of any Credit Extension, whether directly or indirectly, and whether immediately, incidentally or ultimately, to purchase or carry margin stock (within the meaning of Regulation U of the FRB) or to extend credit to others for the purpose of purchasing or carrying margin stock or to refund indebtedness originally incurred for such purpose.

**7.12 Financial Covenants.**

(a) Interest Coverage Ratio. Permit the Interest Coverage Ratio to be less than 3.00 to 1.00 for the Measurement Period ending June 30, 2023 or any Measurement Period ending thereafter.

(b) Consolidated Net Leverage Ratio. Permit the Consolidated Net Leverage Ratio to exceed 4.00 to 1.00 for the Measurement Period ending June 30, 2023 and any Measurement Period ending thereafter.

**7.13 Sanctions and Anti-Corruption Laws.**

(a) Directly or, to its knowledge, indirectly, use the proceeds of any Credit Extension, or lend, contribute or otherwise make available such proceeds to any Subsidiary, joint venture partner or other individual or entity, to fund any activities of or business with any individual, or entity, or in any Designated Jurisdiction, that, at the time of such funding, is the subject of Sanctions, or in any other manner that will result in a violation by any individual or entity participating in the transaction (whether as Lender, Arranger, Administrative Agent, L/C Issuer, Swing Line Lender or otherwise) of Sanctions.

(b) Directly or, to its knowledge, indirectly, use the proceeds of any Credit Extension for any purpose which would breach the United States Foreign Corrupt Practices Act of 1977, the UK Bribery Act 2010 and other similar anti-corruption legislation in other jurisdictions applicable to Carpenter or any of its Subsidiaries or their respective operations.

**ARTICLE VIII  
EVENTS OF DEFAULT AND REMEDIES**

**8.01 Events of Default.** An Event of Default shall exist upon the occurrence of any of the following specified events or conditions (each an “Event of Default”):

(a) Payment. Any Borrower or any other Loan Party shall fail to pay: (i) as and when due and in the currency required hereunder (whether by scheduled maturity, mandatory prepayment, acceleration or otherwise) any amount of principal of any Loan or any L/C Obligation; (ii) within three Business Days of when due (whether by scheduled maturity, mandatory prepayment, acceleration or otherwise) any interest on any Committed Loan or L/C Obligation, or any fee due hereunder; or (iii) within five Business Days after the same become due, any other amount payable hereunder or under any other Loan Document.

(b) Representation and Warranties. Any representation, warranty or statement made or deemed to be made by any Borrower or any other Loan Party herein, in any of the other Loan Documents or in any statement or certificate delivered or required to be delivered pursuant hereto or thereto shall prove untrue in any material respect on the date as of which it was made or deemed to have been made (unless such representation, warranty or statement is subject to a materiality or Material Adverse Effect qualifier in which case it will be true and correct in all respects).

(c) Covenants. Any Loan Party shall:

(i) default in the due performance or observance of any term, covenant or agreement contained in Sections 6.01, 6.02, 6.03 (but solely as it relates to legal existence in its jurisdiction of organization), 6.05, 6.10 or 6.14(a) or in Article VII or Article X; or

(ii) default in the due performance or observance by it of any term, covenant or agreement (other than those referred to in Section 8.01(a), 8.01(b) or 8.01(c)(i)) contained in this Agreement and such default shall continue unremedied for a period of at least thirty (30) days after the earlier of an executive officer of such Borrower becoming aware of such default or notice thereof given by the Administrative Agent.

(d) Other Loan Documents. Any Loan Party shall default in the due performance or observance of any term, covenant or agreement in any of the other Loan Documents and such default shall continue unremedied for a period of at least thirty (30) days after the earlier of an executive officer of such Loan Party becoming aware of such default or notice thereof given by the Administrative Agent.

(e) Bankruptcy, etc. A Bankruptcy Event shall occur with respect to Carpenter, any of its Significant Subsidiaries or any other Loan Party.

(f) Cross-Default. (i) Carpenter or any Subsidiary (A) fails to make payment when due (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise), in respect of any Indebtedness or Guarantee (other than in respect of Indebtedness outstanding under the Loan Documents) having an aggregate principal amount (including undrawn committed or available amounts and including amounts owing to all creditors under any combined or syndicated credit arrangement) of more than \$25,000,000, (B) fails to perform or observe any other condition or covenant, or any other event shall occur or condition shall exist, under any agreement or instrument relating to any such Indebtedness or Guarantee, if the effect of such failure, event or condition is to cause or permit such Indebtedness to be declared to be due and payable prior to its stated maturity, or such Guarantee to become payable, or cash collateral in respect thereof to be demanded or (C) shall be required by the terms of such Indebtedness or Guarantee to offer to prepay or repurchase such Indebtedness or the primary Indebtedness underlying such Guarantee (or any portion thereof) prior to the stated maturity thereof; or (ii) there occurs under any Swap Contract an Early Termination Date (as defined in such Swap Contract) resulting from (A) any event of default under such Swap Contract as to which Carpenter or any Subsidiary is the Defaulting Party (as defined in such Swap Contract) or (B) any Termination Event (as so defined) under such Swap Contract as to which Carpenter or any Subsidiary is an Affected Party (as so defined) and, in either event, the Swap Termination Value owed by Carpenter or such Subsidiary as a result thereof is greater than the \$25,000,000.

(g) Judgments. One or more judgments, orders, decrees or arbitration awards is entered against Carpenter or any Subsidiary involving in the aggregate a liability (to the extent not covered by independent third-party insurance as to which the insurer does not dispute coverage), as to any single or related series of transactions, incidents or conditions, of \$25,000,000 or more, and the same shall remain undischarged, unvacated and unstayed pending appeal for a period of thirty (30) days after the entry thereof, or any non-monetary judgment, order or decree is entered against Carpenter or such Subsidiary which has or would reasonably be expected to have a Material Adverse Effect, and there shall be any period of 30 consecutive days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect.

(h) ERISA. (i) An ERISA Event occurs with respect to a Pension Plan or Multiemployer Plan which has resulted or could reasonably be expected to result in liability of any Borrower under Title IV of ERISA to the

Pension Plan, Multiemployer Plan or the PBGC in an aggregate amount in excess of \$25,000,000, (ii) any Borrower or any ERISA Affiliate fails to pay when due, after the expiration of any applicable grace period, any installment payment with respect to its withdrawal liability under Section 4201 of ERISA under a Multiemployer Plan in an aggregate amount in excess of \$25,000,000, (iii) institution of any steps by a Foreign Loan Party or any other Person to terminate a Foreign Benefit Plan if as a result of such termination, a Foreign Loan Party or any of its respective Significant Subsidiaries is or could reasonably be expected to be required to make a contribution to such Foreign Benefit Plan or has incurred or could reasonably be expected to incur a liability or obligation to such Foreign Benefit Plan, in excess of \$25,000,000 or (iv) a contribution failure with respect to any Foreign Benefit Plan sufficient to give rise to a Lien under Applicable Law occurs which has or could reasonably be expected to have a Material Adverse Effect.

(i) Invalidity of Loan Documents. Any Loan Document, at any time after its execution and delivery and for any reason other than as expressly permitted hereunder or satisfaction in full of all the Obligations, ceases to be in full force and effect, or is declared by a court of competent jurisdiction to be null and void, invalid or unenforceable in any respect; any Borrower or any other Loan Party denies that it has any or further liability or obligation under any Loan Document, or purports to revoke, terminate or rescind any Loan Document; or any provision of Article X of this Agreement shall for any reason cease to be valid and binding on or enforceable against Carpenter or Carpenter shall so state in writing.

(j) Ownership. There shall occur a Change of Control.

(k) Collateral Documents. Any Collateral Document after delivery thereof pursuant to the terms of the Loan Documents shall for any reason cease to create a valid and perfected first priority Lien on the Collateral purported to be covered thereby, or any Loan Party shall assert the invalidity of such Liens.

**8.02 Remedies Upon Event of Default.** If any Event of Default occurs and is continuing, the Administrative Agent shall, at the request of, or may, with the consent of, the Required Lenders, take any or all of the following actions:

(a) declare the commitment of each Lender to make Loans and any obligation of the L/C Issuer to make L/C Credit Extensions to be terminated, whereupon such commitments and obligation shall be terminated;

(b) declare the unpaid principal amount of all outstanding Loans, all interest accrued and unpaid thereon, and all other amounts owing or payable hereunder or under any other Loan Document to be immediately due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived by the Borrowers;

(c) require that Carpenter Cash Collateralize the L/C Obligations (in an amount equal to the then Outstanding Amount thereof); and

(d) exercise on behalf of itself, the Lenders and the L/C Issuer all rights and remedies available to it, the Lenders and the L/C Issuer under the Loan Documents, including but not limited to any deposit account control agreement;

provided, however, that upon the occurrence of an actual or deemed entry of an order for relief with respect to any Borrower under the Bankruptcy Code of the United States, the obligation of each Lender to make Loans and any obligation of the L/C Issuer to make L/C Credit Extensions shall automatically terminate, the unpaid principal amount of all outstanding Loans and all interest and other amounts as aforesaid shall automatically become due and payable, and the obligation of Carpenter to Cash Collateralize the L/C Obligations as aforesaid shall automatically become effective, in each case without further act of the Administrative Agent or any Lender.

### **8.03 Application of Funds.**

(a) After the exercise of remedies provided for in Section 8.02 (or after the Loans have automatically become immediately due and payable and the L/C Obligations have automatically been required to be Cash Collateralized as set forth in the proviso to Section 8.02), any amounts received on account of the Secured Obligations shall, subject to the provisions of Section 2.17 and Section 2.18 be applied by the Administrative Agent in the following order:

First, to payment of that portion of the Secured Obligations constituting fees, indemnities, expenses and other amounts (including fees, charges and disbursements of counsel to the Administrative Agent and amounts payable under Article III) arising under the Loan Documents and the Foreign Obligation Loan Documents and payable to the Administrative Agent in its capacity as such;

Second, to payment of that portion of the Secured Obligations constituting fees, indemnities and other amounts (other than principal, interest and Letter of Credit Fees) payable to the Lenders, the Foreign Obligation Providers and the L/C Issuer (including fees, charges and disbursements of counsel to the respective Lenders, the Foreign Obligations Providers and the L/C Issuer and amounts payable under Article III), ratably among them in proportion to the respective amounts described in this clause Second payable to them;

Third, to payment of that portion of the Secured Obligations constituting accrued and unpaid Letter of Credit Fees and interest on the Loans, L/C Borrowings and other Secured Obligations arising under the Loan Documents and the Foreign Obligation Loan Documents, ratably among the Lenders, the Foreign Obligation Providers and the L/C Issuer in proportion to the respective amounts described in this clause Third payable to them;

Fourth, to payment of that portion of the Secured Obligations constituting unpaid principal of the Loans, L/C Borrowings and Secured Obligations then owing under the Foreign Obligation Loan Documents, the Secured Hedge Agreements and Secured Cash Management Agreements, to the Administrative Agent for the account of the L/C Issuer to Cash Collateralize that portion of L/C Obligations comprised of the aggregate undrawn amount of Letters of Credit to the extent not otherwise Cash Collateralized by Carpenter pursuant to Section 2.04 or Section 2.17, and to the Foreign Obligation Providers to cash collateralize undrawn contingent liability obligations owing to such Foreign Obligation Provider under the Foreign Obligation Loan Documents to the extent not otherwise cash collateralized by the applicable Foreign Loan Party, in each case ratably among the Administrative Agent, the Lenders, the L/C Issuer, the Hedge Banks, the Cash Management Banks and the Foreign Obligation Providers in proportion to the respective amounts described in this clause Fourth held by them; and

Last, the balance, if any, after all of the Secured Obligations have been indefeasibly paid in full, to Carpenter or as otherwise required by Law.

(b) Subject to Section 2.04(c) and Section 2.17, amounts used to Cash Collateralize the aggregate undrawn amount of Letters of Credit pursuant to clause Fourth above shall be applied to satisfy drawings under such Letters of Credit as they occur. If any amount remains on deposit as Cash Collateral after all Letters of Credit have either been fully drawn or expired, such remaining amount shall be applied to the other Secured Obligations, if any, in the order set forth above. If any amount remains on deposit as Cash Collateral after all Letters of Credit have either been fully drawn or expired, such remaining amount shall be applied to the other Secured Obligations, if any, in the order set forth above. Excluded Swap Obligations with respect to any Loan Party shall not be paid with amounts received from such Loan Party or its assets, but appropriate adjustments shall be made with respect to payments from other Loan Parties to preserve the allocation to Secured Obligations otherwise set forth above in this Section 8.03.

(c) Notwithstanding the foregoing, Secured Obligations arising under Secured Cash Management Agreements, Foreign Obligation Loan Documents and Secured Hedge Agreements shall be excluded from the application described above if the Administrative Agent has not received a Secured Party Designation Notice, together with such supporting documentation as the Administrative Agent may request, from the applicable Cash Management Bank, Foreign Obligation Provider or Hedge Bank, as the case may be. Each Cash Management Bank, Hedge Bank or Foreign Obligation Provider not a party to this Agreement that has given the notice contemplated by the preceding sentence shall, by such notice, be deemed to have acknowledged and accepted the appointment of the Administrative Agent pursuant to the terms of Article IX for itself and its Affiliates as if a "Lender" party hereto.

**ARTICLE IX  
ADMINISTRATIVE AGENT**

**9.01 Appointment and Authority.**

(a) Appointment. Each of the Lenders and the L/C Issuer hereby irrevocably appoints Bank of America to act on its behalf as the Administrative Agent hereunder and under the other Loan Documents and authorizes the Administrative Agent to take such actions on its behalf and to exercise such powers as are delegated to the Administrative Agent by the terms hereof or thereof, together with such actions and powers as are reasonably incidental thereto. The provisions of this Article are solely for the benefit of the Administrative Agent, the Lenders and the L/C Issuer, and neither Carpenter nor any Loan Party shall have rights as a third party beneficiary of any of such provisions. It is understood and agreed that the use of the term “agent” herein or in any other Loan Documents (or any other similar term) with reference to the Administrative Agent is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any Applicable Law. Instead such term is used as a matter of market custom, and is intended to create or reflect only an administrative relationship between contracting parties. In addition, to the extent required under the laws of any jurisdiction other than the United States of America, each of the Lenders and Secured Parties hereby grants to the Administrative Agent any required powers of attorney to execute any Collateral Document or other Loan Document governed by the laws of such jurisdiction on such Lender’s or Secured Party’s behalf.

(b) Collateral Agent. The Administrative Agent shall also act as the “collateral agent” under the Loan Documents, and each of the Lenders (including in its capacities as a potential Hedge Bank, potential Foreign Obligation Provider and a potential Cash Management Bank) and the L/C Issuer hereby irrevocably appoints and authorizes the Administrative Agent to act as the agent of such Lender and the L/C Issuer for purposes of acquiring, holding and enforcing any and all Liens on Collateral granted by any of the Loan Parties to secure any of the Secured Obligations, together with such powers and discretion as are reasonably incidental thereto. In this connection, the Administrative Agent, as “collateral agent” and any co-agents, sub-agents and attorneys-in-fact appointed by the Administrative Agent pursuant to Section 9.05 for purposes of holding or enforcing any Lien on the Collateral (or any portion thereof) granted under the Collateral Documents, or for exercising any rights and remedies thereunder at the direction of the Administrative Agent, shall be entitled to the benefits of all provisions of this Article IX and Article XI (including Section 11.04(c)), as though such co-agents, sub-agents and attorneys-in-fact were the “collateral agent” under the Loan Documents) as if set forth in full herein with respect thereto.

**9.02 Rights as a Lender.** The Person serving as the Administrative Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not the Administrative Agent and the term “Lender” or “Lenders” shall, unless otherwise expressly indicated or unless the context otherwise requires, include the Person serving as the Administrative Agent hereunder in its individual capacity. Such Person and its Affiliates may accept deposits from, lend money to, own securities of, act as the financial advisor or in any other advisory capacity for and generally engage in any kind of business with the Borrowers or any Subsidiary or other Affiliate thereof as if such Person were not the Administrative Agent hereunder and without any duty to account therefor to the Lenders or to provide notice to or consent of the Lenders with respect thereto.

**9.03 Exculpatory Provisions.** The Administrative Agent or the Arranger, as applicable, shall not have any duties or obligations except those expressly set forth herein and in the other Loan Documents, and its duties hereunder shall be administrative in nature. Without limiting the generality of the foregoing, the Administrative Agent or the Arranger, as applicable,:

(i) shall not be subject to any fiduciary or other implied duties, regardless of whether a Default has occurred and is continuing;

(ii) shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby or by the other Loan Documents that the Administrative Agent is required to exercise as directed in writing by the Required Lenders (or such other number or percentage of the Lenders as shall be expressly provided for herein or in the other Loan Documents), provided that the Administrative Agent shall not be required to take any action that, in its opinion or the opinion of its counsel, may expose the Administrative Agent to liability or that is contrary to any Loan Document or Applicable Law, including, for the avoidance of doubt, any action that may be in violation of the automatic stay under any Debtor Relief Law or that may effect a forfeiture, modification or termination of property of a Defaulting Lender in violation of any Debtor Relief Law;

(iii) shall not have any duty or responsibility to disclose, and shall not be liable for the failure to disclose, to any Lender or the L/C Issuer, any credit or other information concerning the business, prospects, operations, property, financial and other condition or creditworthiness of any of the Loan Parties or any of their Affiliates, that is communicated to, obtained or in the possession of, the Administrative Agent, Arranger or any of their Related Parties in any capacity, except for notices, reports and other documents expressly required to be furnished to the Lenders by the Administrative Agent herein;

(iv) shall not be liable for any action taken or not taken by it (i) with the consent or at the request of the Required Lenders (or such other number or percentage of the Lenders as shall be necessary, or as the Administrative Agent shall believe in good faith shall be necessary, under the circumstances as provided in Sections 11.01 and 8.02) or (ii) in the absence of its own gross negligence or willful misconduct, as determined by a court of competent jurisdiction by a final and nonappealable judgment. The Administrative Agent shall be deemed not to have knowledge of any Default unless and until notice describing such Default is given in writing to the Administrative Agent by the Borrower, a Lender or the L/C Issuer; and

(v) shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with this Agreement or any other Loan Document, (ii) the contents of any certificate, report or other document delivered hereunder or thereunder or in connection herewith or therewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein or therein or the occurrence of any Default, (iv) the validity, enforceability, effectiveness or genuineness of this Agreement, any other Loan Document or any other agreement, instrument or document, or the creation, perfection or priority of any Lien purported to be created by the Collateral Documents, (v) the value or the sufficiency of any Collateral, or (vi) the satisfaction of any condition set forth in Article IV or elsewhere herein, other than to confirm receipt of items expressly required to be delivered to the Administrative Agent.

**9.04 Reliance by Administrative Agent, L/C Issuer and Lenders.** The Administrative Agent, the L/C Issuer and the Lenders shall be entitled to rely and act upon any notices (including, without limitation, telephonic or electronic notices, Committed Loan Notices, Letter of Credit Applications, Notice of Loan Prepayment and Swing Line Loan Notices) purportedly given by or on behalf of the proper Person even if (i) such notices were not made in a manner specified herein, were incomplete or were not preceded or followed by any other form of notice specified herein, or (ii) the terms thereof, as understood by the recipient, varied from any confirmation thereof. The Administrative Agent also may rely upon any statement made to it orally or by telephone and believed by it to have been made by the proper Person, and shall not incur any liability for relying thereon. In determining compliance with any condition hereunder to the making of a Loan, or the issuance, extension, renewal or increase of a Letter of Credit, that by its terms must be fulfilled to the satisfaction of a Lender or the L/C Issuer, the Administrative Agent may presume that such condition is satisfactory to such Lender or the L/C Issuer unless the Administrative Agent shall have received notice to the contrary from such Lender or the L/C Issuer prior to the making of such Loan or the issuance of such Letter of Credit. The Administrative Agent may consult with legal counsel (who may be counsel for Carpenter), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts. For purposes of determining compliance with the conditions specified in Section 4.01, each Lender that has signed this Agreement shall be deemed to have consented to, approved or accepted or to be satisfied with, each document or other matter required thereunder to be consented to or approved by or acceptable or satisfactory to a Lender unless the Administrative Agent shall have received notice from such Lender prior to the proposed Closing Date specifying its objections. Carpenter shall indemnify the Administrative Agent, the L/C Issuer, each Lender and the Related Parties of each of them from all losses, costs, expenses and liabilities resulting from the reliance in good faith by such Person on each notice purportedly given by or on behalf of Carpenter or a Subsidiary Borrower. All telephonic notices to and other telephonic communications with the Administrative Agent may be recorded by the Administrative Agent, and each of the parties hereto hereby consents to such recording.

**9.05 Delegation of Duties.** The Administrative Agent may perform any and all of its duties and exercise its rights and powers hereunder or under any other Loan Document by or through any one or more sub agents appointed by the Administrative Agent. The Administrative Agent and any such sub agent may perform any and all of its duties and exercise its rights and powers by or through their respective Related Parties. The exculpatory provisions of this Article shall apply to any such sub agent and to the Related Parties of the Administrative Agent and any such sub agent, and shall apply to their respective activities in connection with the syndication of the credit facility provided for herein as well as activities as Administrative Agent. The Administrative Agent shall not be responsible for the negligence or misconduct of any sub-agents except to the extent that a court of competent jurisdiction determines in a final and non-appealable judgment that the Administrative Agent acted with gross negligence or willful misconduct in the selection of such sub-agents.

#### 9.06 Resignation of Administrative Agent.

(a) The Administrative Agent may at any time give notice of its resignation to the Lenders, the L/C Issuer and Carpenter. Upon receipt of any such notice of resignation, the Required Lenders shall have the right, in consultation with Carpenter, to appoint a successor, which shall be a bank with an office in the United States, or an Affiliate of any such bank with an office in the United States. If no such successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within thirty (30) days after the retiring Administrative Agent gives notice of its resignation (the “Resignation Effective Date”), then the retiring Administrative Agent may on behalf of the Lenders and the L/C Issuer, appoint a successor Administrative Agent meeting the qualifications set forth above; provided that in no event shall any successor Administrative Agent be a Defaulting Lender. Whether or not a successor has been appointed, such resignation shall become effective in accordance with such notice on the Resignation Effective Date.

(b) With effect from the Resignation Effective Date (i) the retiring Administrative Agent shall be discharged from its duties and obligations hereunder and under the other Loan Documents (except that in the case of any collateral security held by the Administrative Agent on behalf of the Lenders or the L/C Issuer under any of the Loan Documents, the retiring Administrative Agent shall continue to hold such collateral security until such time as a successor Administrative Agent is appointed) and (ii) except for any indemnity payments or other amounts then owed to the retiring Administrative Agent, all payments, communications and determinations provided to be made by, to or through the Administrative Agent shall instead be made by or to each Lender and the L/C Issuer directly, until such time, if any, as the Required Lenders appoint a successor Administrative Agent as provided for above. Upon the acceptance of a successor’s appointment as Administrative Agent hereunder, such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring Administrative Agent (other than as provided in Section 3.01(g) and other than any rights to indemnity payments or other amounts owed to the retiring Administrative Agent as of the Resignation Effective Date), and the retiring Administrative Agent shall be discharged from all of its duties and obligations hereunder or under the other Loan Documents (if not already discharged therefrom as provided above in this Section). The fees payable by Carpenter to a successor Administrative Agent shall be the same as those payable to its predecessor unless otherwise agreed between Carpenter and such successor. After the retiring Administrative Agent’s resignation hereunder and under the other Loan Documents, the provisions of this Article and Section 11.04 shall continue in effect for the benefit of such retiring Administrative Agent, its sub agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them (i) while the retiring Administrative Agent was acting as Administrative Agent and (ii) after such resignation for as long as any of them continues to act in any capacity hereunder or under the other Loan Documents, including, without limitation, (1) acting as collateral agent or otherwise holding any collateral security on behalf of any of the Secured Parties and (2) in respect of any actions taken in connection with transferring the agency to any successor Administrative Agent.

(c) Any resignation by Bank of America as Administrative Agent pursuant to this Section shall also constitute its resignation as L/C Issuer and Swing Line Lender. If Bank of America resigns as an L/C Issuer, it shall retain all the rights, powers, privileges and duties of the L/C Issuer hereunder with respect to all Letters of Credit outstanding as of the effective date of its resignation as L/C Issuer and all L/C Obligations with respect thereto, including the right to require the Lenders to make Base Rate Loans or fund risk participations in Unreimbursed Amounts pursuant to Section 2.04(c). If Bank of America resigns as Swing Line Lender, it shall retain all the rights of the Swing Line Lender provided for hereunder with respect to Swing Line Loans made by it and outstanding as of the effective date of such resignation, including the right to require the Lenders to make Base Rate Loans or fund risk participations in outstanding Swing Line Loans pursuant to Section 2.05(c). Upon the appointment by Carpenter of a successor L/C Issuer or Swing Line Lender hereunder (which successor shall in all cases be a Lender other than a Defaulting Lender) and upon the acceptance of such successor's appointment hereunder, (i) such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring L/C Issuer and Swing Line Lender, (ii) the retiring L/C Issuer and Swing Line Lender shall be discharged from all of their respective duties and obligations hereunder or under the other Loan Documents, and (iii) the successor L/C Issuer shall issue letters of credit in substitution for the Letters of Credit, if any, outstanding at the time of such succession or make other arrangements satisfactory to the retiring L/C Issuer to effectively assume the obligations of the retiring L/C Issuer with respect to such Letters of Credit.

**9.07 Non-Reliance on Administrative Agent and Other Lenders.** Each Lender and the L/C Issuer acknowledges that it has, independently and without reliance upon the Administrative Agent or any other Lender or any of their Related Parties and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender and the L/C Issuer also acknowledges that it will, independently and without reliance upon the Administrative Agent or any other Lender or any of their Related Parties and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any other Loan Document or any related agreement or any document furnished hereunder or thereunder.

**9.08 No Other Duties, Etc.** Anything herein to the contrary notwithstanding, none of the bookrunners, arrangers, syndications agents, documentation agents or co-agents shall have any powers, duties or responsibilities under this Agreement or any of the other Loan Documents, except in its capacity, as applicable, as the Administrative Agent, a Lender or the L/C Issuer hereunder.

**9.09 Administrative Agent May File Proofs of Claim.**

(a) In case of the pendency of any proceeding under any Debtor Relief Law or any other judicial proceeding relative to any Loan Party, the Administrative Agent (irrespective of whether the principal of any Loan or L/C Obligation shall then be due and payable as herein expressed or by declaration or otherwise and irrespective of whether the Administrative Agent shall have made any demand on any Borrower) shall be entitled and empowered, by intervention in such proceeding or otherwise:

(i) to file and prove a claim for the whole amount of the principal and interest owing and unpaid in respect of the Loans, L/C Obligations and all other Secured Obligations that are owing and unpaid and to file such other documents as may be necessary or advisable in order to have the claims of the Lenders, the L/C Issuer and the Administrative Agent (including any claim for the reasonable compensation, expenses, disbursements and advances of the Lenders, the L/C Issuer and the Administrative Agent and their respective agents and counsel and all other amounts due the Lenders, the L/C Issuer and the Administrative Agent under Sections 2.04(h) and (i), 2.10 and 11.04) allowed in such judicial proceeding; and

(ii) to collect and receive any monies or other property payable or deliverable on any such claims and to distribute the same;

and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Lender and the L/C Issuer to make such payments to the Administrative Agent and, in the event that the Administrative Agent shall consent to the making of such payments directly to the Lenders and the L/C Issuer, to pay to the Administrative Agent any amount due for the reasonable compensation, expenses, disbursements and advances of the Administrative Agent and its agents and counsel, and any other amounts due the Administrative Agent under Sections 2.10 and 11.04.

(b) Nothing contained herein shall be deemed to authorize the Administrative Agent to authorize or consent to or accept or adopt on behalf of any Lender or the L/C Issuer any plan of reorganization, arrangement, adjustment or composition affecting the Secured Obligations or the rights of any Lender or the L/C Issuer to authorize the Administrative Agent to vote in respect of the claim of any Lender or the L/C Issuer in any such proceeding.

(c) The Secured Parties hereby irrevocably authorize the Administrative Agent, at the direction of the Required Lenders, to credit bid all or any portion of the Secured Obligations (including accepting some or all of the Collateral in satisfaction of some or all of the Secured Obligations pursuant to a deed in lieu of foreclosure or otherwise) and in such manner purchase (either directly or through one or more acquisition vehicles) all or any portion of the Collateral (i) at any sale thereof conducted under the provisions of the Bankruptcy Code of the United States, including under Sections 363, 1123 or 1129 of the Bankruptcy Code of the United States, or any similar Laws in any other jurisdictions to which a Loan Party is subject, (ii) at any other sale or foreclosure or acceptance of collateral in lieu of debt conducted by (or with the consent or at the direction of) the Administrative Agent (whether by judicial action or otherwise) in accordance with any Applicable Law. In connection with any such credit bid and purchase, the Secured Obligations owed to the Secured Parties shall be entitled to be, and shall be, credit bid on a ratable basis (with Secured Obligations with respect to contingent or unliquidated claims receiving contingent interests in the acquired assets on a ratable basis that would vest upon the liquidation of such claims in an amount proportional to the liquidated portion of the contingent claim amount used in allocating the contingent interests) in the asset or assets so purchased (or in the Equity Interests or debt instruments of the acquisition vehicle or vehicles that are used to consummate such purchase). In connection with any such bid (A) the Administrative Agent shall be authorized to form one or more acquisition vehicles to make a bid, (B) to adopt documents providing for the governance of the acquisition vehicle or vehicles (provided that any actions by the Administrative Agent with respect to such acquisition vehicle or vehicles, including any disposition of the assets or Equity Interests thereof shall be governed, directly or indirectly, by the vote of the Required Lenders, irrespective of the termination of this Agreement and without giving effect to the limitations on actions by the Required Lenders contained in clauses (a) through (j) of Section 11.01 of this Agreement), and (C) to the extent that Secured Obligations that are assigned to an acquisition vehicle are not used to acquire Collateral for any reason (as a result of another bid being higher or better, because the amount of Secured Obligations assigned to the acquisition vehicle exceeds the amount of debt credit bid by the acquisition vehicle or otherwise), such Secured Obligations shall automatically be reassigned to the Lenders *pro rata* and the Equity Interests and/or debt instruments issued by any acquisition vehicle on account of the Secured Obligations that had been assigned to the acquisition vehicle shall automatically be cancelled, without the need for any Secured Party or any acquisition vehicle to take any further action.

#### 9.10 Collateral and Guaranty Matters.

(a) Each of the Lenders (including in its capacities as a potential Cash Management Bank, potential Foreign Obligation Provider and a potential Hedge Bank) and the L/C Issuer irrevocably authorize the Administrative Agent, at its option and in its discretion,

(i) to release any Lien on any property granted to or held by the Administrative Agent under any Loan Document (A) upon the Facility Termination Date, (B) that is sold or otherwise disposed of or to be sold or otherwise disposed of as part of or in connection with any sale or other disposition permitted hereunder or under any other Loan Document, or (C) if approved, authorized or ratified in writing by the Required Lenders in accordance with Section 11.01;

(ii) to subordinate any Lien on any property granted to or held by the Administrative Agent under any Loan Document to the holder of any Lien on such property that is permitted by Section 7.01(i);

(iii) to release any Guarantor from its obligations under the Guaranty if such Person ceases to be a Subsidiary as a result of a transaction permitted under the Loan Documents; and

(iv) upon receipt of notice from Carpenter that it desires to terminate any Subsidiary Borrower's or Subsidiary Guarantor's status as Loan Party hereunder in accordance with the terms hereof, to take any action necessary to terminate any perfection documents related to the security interests in such entity's assets created under the Security Agreement.

(b) Upon request by the Administrative Agent at any time, the Required Lenders will confirm in writing the Administrative Agent's authority to release or subordinate its interest in particular types or items of property, or to release any Guarantor from its obligations under the Guaranty pursuant to this Section 9.10. In each case as specified in this Section 9.10, the Administrative Agent will, at the Borrower's expense, execute and deliver to the applicable Loan Party such documents as such Loan Party may reasonably request to evidence the release of such item of Collateral from the assignment and security interest granted under the Collateral Documents or to subordinate its interest in such item, or to release such Guarantor from its obligations under the Guaranty, in each case in accordance with the terms of the Loan Documents and this Section 9.10.

**9.11 Secured Cash Management Agreements; Secured Hedge Agreements; Foreign Obligation Loan Documents.** Except as otherwise expressly set forth in the Guaranty or any Collateral Document, no Cash Management Bank, Foreign Obligation Provider or Hedge Bank that obtains the benefit of the provisions of Section 8.03, the Guaranty or any Collateral by virtue of the provisions hereof or any Collateral Document shall have any right to notice of any action or to consent to, direct or object to any action hereunder or under any other Loan Document, any Foreign Obligation Loan Documents or otherwise in respect of the Collateral (including the release or impairment of any Collateral) (or to notice of or to consent to any amendment, waiver or modification of the provisions hereof or of the Guaranty or any Collateral Document) other than in its capacity as a Lender and, in such case, only to the extent expressly provided in the Loan Documents or Foreign Obligation Loan Documents. Notwithstanding any other provision of this Article IX to the contrary, the Administrative Agent shall not be required to verify the payment of, or that other satisfactory arrangements have been made with respect to, Secured Obligations arising under Secured Cash Management Agreements, Foreign Obligation Loan Documents and Secured Hedge Agreements except to the extent expressly provided herein and unless the Administrative Agent has received a Secured Party Designation Notice of such Secured Obligations, together with such supporting documentation as the Administrative Agent may request, from the applicable Cash Management Bank, Foreign Obligation Provider or Hedge Bank, as the case may be. The Administrative Agent shall not be required to verify the payment of, or that other satisfactory arrangements have been made with respect to, Secured Obligations arising under Secured Cash Management Agreements, Secured Hedge Agreements or Foreign Obligation Loan Documents in the case of a Facility Termination Date.

**9.12 Recovery of Erroneous Payments.** Without limitation of any other provision in this Agreement, if at any time the Administrative Agent makes a payment hereunder in error to any Lender or the L/C Issuer (the "Credit Party"), whether or not in respect of a Secured Obligation due and owing by any Borrower at such time, where such payment is a Rescindable Amount, then in any such event, each Credit Party receiving a Rescindable Amount severally agrees to repay to the Administrative Agent forthwith on demand the Rescindable Amount received by such Credit Party 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 the Administrative Agent, at the greater of the Federal Funds Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation. Each Credit Party 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) or similar defense to its obligation to return any Rescindable Amount. The Administrative Agent shall inform each Credit Party promptly upon determining that any payment made to such Credit Party comprised, in whole or in part, a Rescindable Amount.

### 9.13 Certain ERISA Matters.

(a) Each Lender (x) represents and warrants, as of the date such Person became a Lender party hereto, to, and (y) covenants, from the date such Person became a Lender party hereto to the date such Person ceases being a Lender party hereto, for the benefit of, the Administrative Agent and not, for the avoidance of doubt, to or for the benefit of Carpenter or any other Loan Party, that at least one of the following is and will be true:

(i) such Lender is not using “plan assets” (within the meaning of Section 3(42) of ERISA or otherwise) of one or more Benefit Plans with respect to such Lender’s entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments or this Agreement,

(ii) the transaction exemption set forth in one or more PTEs, such as PTE 84-14 (a class exemption for certain transactions determined by independent qualified professional asset managers), PTE 95-60 (a class exemption for certain transactions involving insurance company general accounts), PTE 90-1 (a class exemption for certain transactions involving insurance company pooled separate accounts), PTE 91-38 (a class exemption for certain transactions involving bank collective investment funds) or PTE 96-23 (a class exemption for certain transactions determined by in-house asset managers), is applicable with respect to such Lender’s entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments and this Agreement,

(iii) (A) such Lender is an investment fund managed by a “Qualified Professional Asset Manager” (within the meaning of Part VI of PTE 84-14), (B) such Qualified Professional Asset Manager made the investment decision on behalf of such Lender to enter into, participate in, administer and perform the Loans, the Letters of Credit, the Commitments and this Agreement, (C) the entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments and this Agreement satisfies the requirements of sub-sections (b) through (g) of Part I of PTE 84-14 and (D) to the best knowledge of such Lender, the requirements of subsection (a) of Part I of PTE 84-14 are satisfied with respect to such Lender’s entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments and this Agreement, or

(iv) such other representation, warranty and covenant as may be agreed in writing between the Administrative Agent, in its sole discretion, and such Lender.

(b) In addition, unless either (1) clause (i) in the immediately preceding clause (a) is true with respect to a Lender or (2) a Lender has provided another representation, warranty and covenant in accordance with clause (iv) in the immediately preceding clause (a), such Lender further (x) represents and warrants, as of the date such Person became a Lender party hereto, to, and (y) covenants, from the date such Person became a Lender party hereto to the date such Person ceases being a Lender party hereto, for the benefit of, the Administrative Agent and not, for the avoidance of doubt, to or for the benefit of Carpenter or any other Loan Party, that the Administrative Agent is not a fiduciary with respect to the assets of such Lender involved in such Lender’s entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments and this Agreement (including in connection with the reservation or exercise of any rights by the Administrative Agent under this Agreement, any Loan Document or any documents related hereto or thereto).

**ARTICLE X  
CONTINUING GUARANTY**

**10.01 Guaranty.** Each Guarantor hereby absolutely and unconditionally, jointly and severally guarantees (for the avoidance of doubt, subject to Section 2.15(b)), as primary obligor and as a guaranty of payment and performance upon an Event of Default and not merely as a guaranty of collection, prompt payment when due, whether at stated maturity, by required prepayment, upon acceleration, demand or otherwise, and at all times thereafter, of any and all Secured Obligations (for each Guarantor, subject to the proviso in this sentence, its "Guaranteed Obligations"); provided that (a) the Guaranteed Obligations of a Guarantor shall exclude any Excluded Swap Obligations with respect to such Guarantor, (b) Guarantors that are Foreign Subsidiaries shall jointly and severally guarantee only Secured Obligations owing from Foreign Subsidiaries, unless such joint liability will result in a material adverse tax consequent to any Borrower or any Subsidiary and (c) the liability of each Guarantor individually with respect to this Guaranty shall be limited to an aggregate amount equal to the largest amount that would not render its obligations hereunder subject to avoidance under Section 548 of the Bankruptcy Code of the United States or any comparable provisions of any applicable state law or other Applicable Law. Without limiting the generality of the foregoing, the Guaranteed Obligations shall include any such indebtedness, obligations, and liabilities, or portion thereof, which may be or hereafter become unenforceable or compromised or shall be an allowed or disallowed claim under any proceeding or case commenced by or against any debtor under any Debtor Relief Laws. The Administrative Agent's books and records showing the amount of the Obligations shall be admissible in evidence in any action or proceeding, and shall be binding upon each Guarantor, and conclusive for the purpose of establishing the amount of the Secured Obligations. This Guaranty shall not be affected by the genuineness, validity, regularity or enforceability of the Secured Obligations or any instrument or agreement evidencing any Secured Obligations, or by the existence, validity, enforceability, perfection, non-perfection or extent of any collateral therefor, or by any fact or circumstance relating to the Secured Obligations which might otherwise constitute a defense to the obligations of the Guarantors, or any of them, under this Guaranty, and each Guarantor hereby irrevocably waives any defenses it may now have or hereafter acquire in any way relating to any or all of the foregoing.

**10.02 Rights of Lenders.** Each Guarantor consents and agrees that the Secured Parties may, at any time and from time to time, without notice or demand, and without affecting the enforceability or continuing effectiveness hereof: (a) amend, extend, renew, compromise, discharge, accelerate or otherwise change the time for payment or the terms of the Secured Obligations or any part thereof; (b) take, hold, exchange, enforce, waive, release, fail to perfect, sell, or otherwise dispose of any security for the payment of this Guaranty or any Secured Obligations; (c) apply such security and direct the order or manner of sale thereof as the Administrative Agent, the L/C Issuer and the Lenders in their sole discretion may determine; and (d) release or substitute one or more of any endorsers or other guarantors of any of the Secured Obligations. Without limiting the generality of the foregoing, each Guarantor consents to the taking of, or failure to take, any action which might in any manner or to any extent vary the risks of such Guarantor under this Guaranty or which, but for this provision, might operate as a discharge of such Guarantor.

**10.03 Certain Waivers.** Each Guarantor waives (a) any defense arising by reason of any disability or other defense of any Borrower or any other guarantor, or the cessation from any cause whatsoever (including any act or omission of any Secured Party) of the liability of the Borrowers or any other Loan Party; (b) any defense based on any claim that such Guarantor's obligations exceed or are more burdensome than those of any Borrower or any other Loan Party; (c) the benefit of any statute of limitations affecting any Guarantor's liability hereunder; (d) any right to proceed against any Borrower or any other Loan Party, proceed against or exhaust any security for the Secured Obligations, or pursue any other remedy in the power of any Secured Party whatsoever; (e) any benefit of and any right to participate in any security now or hereafter held by any Secured Party; and (f) to the fullest extent permitted by law, any and all other defenses or benefits that may be derived from or afforded by Applicable Law limiting the liability of or exonerating guarantors or sureties. Each Guarantor expressly waives all setoffs and counterclaims and all presentments, demands for payment or performance, notices of nonpayment or nonperformance, protests, notices of protest, notices of dishonor and all other notices or demands of any kind or nature whatsoever with respect to the Secured Obligations, and all notices of acceptance of this Guaranty or of the existence, creation or incurrence of new or additional Secured Obligations.

**10.04 Obligations Independent.** The obligations of each Guarantor hereunder are those of primary obligor, and not merely as surety, and are independent of the Secured Obligations and the obligations of any other guarantor, and a separate action may be brought against each Guarantor to enforce this Guaranty whether or not any Borrower or any other person or entity is joined as a party.

**10.05 Subrogation.** No Guarantor shall exercise any right of subrogation, contribution, indemnity, reimbursement or similar rights with respect to any payments it makes under this Guaranty until all of the Secured Obligations and any amounts payable under this Guaranty have been indefeasibly paid and performed in full and the Facility Termination Date has occurred. If any amounts are paid to a Guarantor in violation of the foregoing limitation, then such amounts shall be held in trust for the benefit of the Secured Parties and shall forthwith be paid to the Secured Parties to reduce the amount of the Secured Obligations, whether matured or unmatured.

**10.06 Termination; Reinstatement.** This Guaranty is a continuing and irrevocable guaranty of all Secured Obligations now or hereafter existing and shall remain in full force and effect until the Facility Termination Date. Notwithstanding the foregoing, this Guaranty shall continue in full force and effect or be revived, as the case may be, if any payment by or on behalf of any Borrower or any Guarantor is made, or any of the Secured Parties exercises its right of setoff, in respect of the Secured Obligations and such payment or the proceeds of such setoff or any part thereof is subsequently invalidated, declared to be fraudulent or preferential, set aside or required (including pursuant to any settlement entered into by any of the Secured Parties in their discretion) to be repaid to a trustee, receiver or any other party, in connection with any proceeding under any Debtor Relief Laws or otherwise, all as if such payment had not been made or such setoff had not occurred and whether or not the Secured Parties are in possession of or have released this Guaranty and regardless of any prior revocation, rescission, termination or reduction. The obligations of each Guarantor under this Section 10.06 shall survive termination of this Guaranty.

**10.07 Stay of Acceleration.** If acceleration of the time for payment of any of the Secured Obligations is stayed, in connection with any case commenced by or against any Guarantor or any Borrower under any Debtor Relief Laws, or otherwise, all such amounts shall nonetheless be payable by each Guarantor, jointly and severally, immediately upon demand by the Secured Parties.

**10.08 Condition of Borrowers.** Each Guarantor acknowledges and agrees that it has the sole responsibility for, and has adequate means of, obtaining from the Borrowers and any other guarantor such information concerning the financial condition, business and operations of the Borrowers and any such other guarantor as such Guarantor requires, and that none of the Secured Parties has any duty, and such Guarantor is not relying on the Secured Parties at any time, to disclose to it any information relating to the business, operations or financial condition of the Borrowers or any other guarantor (each Guarantor waiving any duty on the part of the Secured Parties to disclose such information and any defense relating to the failure to provide the same).

**10.09 Appointment of Borrower.** Each of the Loan Parties hereby appoints Carpenter to act as its agent for all purposes of this Agreement, the other Loan Documents and all other documents and electronic platforms entered into in connection herewith and agrees that (a) Carpenter may execute such documents and provide such authorizations on behalf of such Loan Parties as Carpenter deems appropriate in its sole discretion and each Loan Party shall be obligated by all of the terms of any such document and/or authorization executed on its behalf, (b) any notice or communication delivered by the Administrative Agent, L/C Issuer or a Lender to Carpenter shall be deemed delivered to each Loan Party and (c) the Administrative Agent, L/C Issuer or the Lenders may accept, and be permitted to rely on, any document, authorization, instrument or agreement executed by Carpenter on behalf of each of the Loan Parties.

**10.10 Right of Contribution.** The Guarantors agree among themselves that, in connection with payments made hereunder, each Guarantor shall have contribution rights against the other Guarantors as permitted under Applicable Law.

**10.11 Keepwell.** Each Loan Party that is a Qualified ECP Guarantor at the time the Guaranty or the grant of a Lien under the Loan Documents, in each case, by any Specified Loan Party becomes effective with respect to any Swap Obligation, hereby jointly and severally, absolutely, unconditionally and irrevocably undertakes to provide such funds or other support to each Specified Loan Party with respect to such Swap Obligation as may be needed by such Specified Loan Party from time to time to honor all of its obligations under the Loan Documents in respect of such Swap Obligation (but, in each case, only up to the maximum amount of such liability that can be hereby incurred without rendering such Qualified ECP Guarantor's obligations and undertakings under this Article X voidable under Applicable Law relating to fraudulent conveyance or fraudulent transfer, and not for any greater amount). The obligations and undertakings of each Qualified ECP Guarantor under this Section 10.11 shall remain in full force and effect until the Secured Obligations have been indefeasibly paid and performed in full. Each Loan Party intends this Section 10.11 to constitute, and this Section 10.11 shall be deemed to constitute, a guarantee of the obligations of, and a "keepwell, support, or other agreement" for the benefit of, each Specified Loan Party for all purposes of the Commodity Exchange Act.

## 10.12 Additional Guarantors.

(a) At Carpenter's election, Carpenter may cause any Domestic Subsidiary to become a Guarantor hereunder (each a "Subsidiary Guarantor") by executing and delivering to the Administrative Agent a Joinder Agreement in the form of Exhibit K.

(b) Carpenter may from time to time, upon not less than fifteen (15) Business Days' written notice from Carpenter to the Administrative Agent (or such shorter period as may be agreed by the Administrative Agent in its sole discretion), terminate a Domestic Subsidiary's status as a Subsidiary Guarantor; provided that, after giving Pro Forma Effect to any such termination, Carpenter shall be in Pro Forma Compliance on the date of such termination with the covenants set forth in Article 7. The Administrative Agent will promptly notify the Lenders of any such termination of a Subsidiary Guarantor's status and such Subsidiary Guarantor shall be automatically released from any obligations under any Guaranty or any other Loan Document without further action by Carpenter or the Administrative Agent.

## ARTICLE XI MISCELLANEOUS

**11.01 Amendments, Etc.** Subject to Section 3.03 and the last paragraph of this Section 11.01, no amendment or waiver of any provision of this Agreement or any other Loan Document, and no consent to any departure by Carpenter or any other Borrower therefrom, shall be effective unless in writing signed by the Required Lenders and Carpenter or the applicable Borrower, as the case may be, and acknowledged by the Administrative Agent, and each such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided, however, that no such amendment, waiver or consent shall:

(a) waive any condition set forth in Section 4.01(a) or Section 4.01(b) without the written consent of each Lender;

(b) extend or increase the Commitment of any Lender (or reinstate any Commitment terminated pursuant to Section 8.02) without the written consent of such Lender;

(c) postpone any date fixed by this Agreement or any other Loan Document for any payment (excluding mandatory prepayments) of principal, interest, fees or other amounts due to the Lenders (or any of them) or any scheduled or mandatory reduction of the Aggregate Commitments hereunder or under any other Loan Document without the written consent of each Lender directly affected thereby;

(d) reduce the principal of, or the rate of interest specified herein on, any Loan or L/C Borrowing, or (subject to clause (iv) of the second proviso to this Section 11.01) any fees or other amounts payable hereunder or under any other Loan Document without the written consent of each Lender directly affected thereby; provided, however, that only the consent of the Required Lenders shall be necessary (i) to amend the definition of "Default Rate" or to waive any obligation of any Borrower to pay interest or Letter of Credit Fees at the Default Rate or (ii) to amend any financial covenant hereunder (or any defined term used therein) even if the effect of such amendment would be to reduce the rate of interest on any Loan or L/C Borrowing or to reduce any fee payable hereunder;

(e) without the written consent of each Lender directly affected thereby, (i) modify Section 8.03, (ii) modify Section 2.14 or any other provision hereof in a manner that would have the effect of altering the ratable reduction of Commitments or the pro rata sharing of payments otherwise required hereunder, (iii) subordinate, or have the effect of subordinating, the Obligations hereunder to any other Indebtedness or other obligation, (iv) subordinate, or have the effect of subordinating, the Liens securing the Obligations to Liens securing any other Indebtedness or other obligation; provided that, in the case of the preceding subclauses (iii) and (iv), only those Lenders that are directly and adversely affected thereby (without giving effect to this proviso) that have not been offered an opportunity to fund their pro rata share (based on the amount of Obligations that are adversely affected thereby held by each such Lender and calculated immediately prior to any applicable amendment or priming Indebtedness) of the priming Indebtedness on the same terms (other than bona fide backstop fees and reimbursement of counsel fees and other expenses in connection with the negotiation of the terms of such transaction) as are offered to all other providers of the priming Indebtedness shall be deemed to be directly and adversely affected by such amendment, waiver or consent;

(f) amend Section 1.06 or the definition of “Alternative Currency” without the written consent of each Lender under the AC Facility and the L/C Issuer;

(g) except as contemplated under the penultimate paragraph of this Section in order to implement a new revolving credit tranche or term loan facility, change (i) any provision of this Section or the definition of “Required Lenders” or any other provision hereof specifying the number or percentage of Lenders required to amend, waive or otherwise modify any rights hereunder or make any determination or grant any consent hereunder (other than as provided in subclause (ii) of this clause (g)), without the written consent of each Lender or (ii) the definitions of “Required USD Lenders” or “Required AC Lenders” without the written consent of each USD Lender or each AC Lender, as the case may be.

(h) release all or substantially all of the value of the Guaranty given pursuant to Article X without the written consent of each Lender, except to the extent the release of any Subsidiary from the Guaranty is permitted pursuant to Section 10.12(b) (in which case such release may be made by the Administrative Agent acting alone);

(i) impose any greater restriction on the ability of any Lender under a Facility to assign any of its rights or obligations hereunder without the written consent of the Required USD Lenders, in the case of the USD Facility or the Required AC Lenders, in the case of the AC Facility;

(j) release all or substantially all of the Collateral in any transaction or series of related transactions, without the written consent of each Lender;

and, provided further, that (i) no amendment, waiver or consent shall, unless in writing and signed by the L/C Issuer in addition to the Lenders required above, affect the rights or duties of the L/C Issuer under this Agreement or any Issuer Document relating to any Letter of Credit issued or to be issued by it; (ii) no amendment, waiver or consent shall, unless in writing and signed by the Swing Line Lender in addition to the Lenders required above, affect the rights or duties of the Swing Line Lender under this Agreement; (iii) no amendment, waiver or consent shall, unless in writing and signed by the Administrative Agent in addition to the Lenders required above, affect the rights or duties of the Administrative Agent under this Agreement or any other Loan Document; and (iv) the Bank of America Fee Letter may be amended, or rights or privileges thereunder waived, in a writing executed only by the parties thereto. Notwithstanding anything to the contrary herein, no Defaulting Lender shall have any right to approve or disapprove any amendment, waiver or consent hereunder (and any amendment, waiver or consent which by its terms requires the consent of all Lenders or each affected Lender or all Lenders or each affected Lender under a Facility may be effected with the consent of the applicable Lenders other than Defaulting Lenders), except that (x) the Commitment of any Defaulting Lender may not be increased or extended or the maturity of any of its Loans may not be extended, the rate of interest on any of its Loans may not be reduced and the principal amount of any of its Loans may not be forgiven, in each case without the consent of such Defaulting Lender and (y) any waiver, amendment or modification requiring the consent of all Lenders or each affected Lender or all Lenders or each affected Lender under a Facility that by its terms affects any Defaulting Lender more adversely than other affected Lenders shall require the consent of such Defaulting Lender.

Notwithstanding any provision herein to the contrary, this Agreement may be amended with the written consent of the Administrative Agent, the L/C Issuer, the Borrowers and the Lenders affected thereby to amend the definition of “Alternative Currency” or “Alternative Currency Daily Rate” or “Alternative Currency Term Rate” or Section 1.06 solely to add additional currency options and the applicable interest rate with respect thereto, in each case solely to the extent permitted pursuant to Section 1.06.

Notwithstanding anything to the contrary herein, this Agreement may be amended and restated without the consent of any Lender (but with the consent of the Loan Parties and the Administrative Agent) if, upon giving effect to such amendment and restatement, such Lender shall no longer be a party to this Agreement (as so amended and restated), the Commitments of such Lender shall have terminated, such Lender shall have no other commitment or other obligation hereunder and shall have been paid in full all principal, interest and other amounts owing to it or accrued for its account under this Agreement.

Notwithstanding any provision herein to the contrary, this Agreement may be amended with the written consent of the Required Lenders, the Administrative Agent and Carpenter (i) to add one or more additional revolving credit or term loan facilities to this Agreement, in each case subject to the limitations in Section 2.16, and to permit the extensions of credit and all related obligations and liabilities arising in connection therewith from time to time outstanding to share ratably (or on a basis subordinated to the existing facilities hereunder) in the benefits of this Agreement and the other Loan Documents with the obligations and liabilities from time to time outstanding in respect of the existing facilities hereunder, and (ii) in connection with the foregoing, to permit, as deemed appropriate by the Administrative Agent and approved by the Required Lenders, the Lenders providing such additional credit facilities to participate in any required vote or action required to be approved by the Required Lenders or by any other number, percentage or class of Lenders hereunder.

Notwithstanding any provision herein to the contrary, if the Administrative Agent and Carpenter acting together identify any ambiguity, omission, mistake, typographical error or other defect in any provision of this Agreement or any other Loan Document (including the schedules and exhibits thereto), then the Administrative Agent and Carpenter shall be permitted to amend, modify or supplement such provision to cure such ambiguity, omission, mistake, typographical error or other defect, and such amendment shall become effective without any further action or consent of any other party to this Agreement.

#### **11.02 Notices; Effectiveness; Electronic Communication.**

(a) Notices Generally. Except in the case of notices and other communications expressly permitted to be given by telephone (and except as provided in subsection (b) below), all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by facsimile or electronic mail telecopier as follows, and all notices and other communications expressly permitted hereunder to be given by telephone shall be made to the applicable telephone number, as follows:

(i) if to a Borrower or any other Loan Party, the Administrative Agent, the L/C Issuer or the Swing Line Lender, to the address, facsimile number, electronic mail address or telephone number specified for such Person on Schedule 11.02; and

(ii) if to any other Lender, to the address, facsimile number, electronic mail address or telephone number specified in its Administrative Questionnaire (including, as appropriate, notices delivered solely to the Person designated by a Lender on its Administrative Questionnaire then in effect for the delivery of notices that may contain material non-public information relating to the Borrowers).

Notices and other communications sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received; notices and other communications sent by facsimile shall be deemed to have been given when sent (except that, if not given during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next business day for the recipient). Notices and other communications delivered through electronic communications to the extent provided in subsection (b) below, shall be effective as provided in such subsection (b).

(b) Electronic Communications. Notices and other communications to the Lenders and the L/C Issuer hereunder may be delivered or furnished by electronic communication (including e-mail, FpML messaging, and Internet or intranet websites) pursuant to procedures approved by the Administrative Agent, provided that the foregoing shall not apply to notices to any Lender or the L/C Issuer pursuant to Article II if such Lender or the L/C Issuer, as applicable, has notified the Administrative Agent that it is incapable of receiving notices under such Article by electronic communication. The Administrative Agent, Swing Line Lender, the L/C Issuer or Carpenter may each, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it, provided that approval of such procedures may be limited to particular notices or communications.

Unless the Administrative Agent otherwise prescribes, (i) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement), and (ii) notices or communications posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient at its e-mail address as described in the foregoing clause (i) of notification that such notice or communication is available and identifying the website address therefor; provided that, for both clauses (i) and (ii), if such notice, email or other communication is not sent during the normal business hours of the recipient, such notice, email or communication shall be deemed to have been sent at the opening of business on the next business day for the recipient.

(c) The Platform. THE PLATFORM IS PROVIDED "AS IS" AND "AS AVAILABLE." THE AGENT PARTIES (AS DEFINED BELOW) DO NOT WARRANT THE ACCURACY OR COMPLETENESS OF THE BORROWER MATERIALS OR THE ADEQUACY OF THE PLATFORM, AND EXPRESSLY DISCLAIM LIABILITY FOR ERRORS IN OR OMISSIONS FROM THE BORROWER MATERIALS. NO WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR STATUTORY, INCLUDING ANY WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT OF THIRD PARTY RIGHTS OR FREEDOM FROM VIRUSES OR OTHER CODE DEFECTS, IS MADE BY ANY AGENT PARTY IN CONNECTION WITH THE BORROWER MATERIALS OR THE PLATFORM. In no event shall the Administrative Agent or any of its Related Parties (collectively, the "Agent Parties") have any liability to any Borrower, any Lender, the L/C Issuer or any other Person for losses, claims, damages, liabilities or expenses of any kind (whether in tort, contract or otherwise) arising out of any Borrower's, any Loan Party's or the Administrative Agent's transmission of Borrower Materials through the Internet, except to the extent that such losses, claims, damages, liabilities or expenses are determined by a court of competent jurisdiction by a final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Agent Party; provided, however, that in no event shall any Agent Party have any liability to any Borrower, any Loan Party, any Lender, the L/C Issuer or any other Person for indirect, special, incidental, consequential or punitive damages (as opposed to direct or actual damages).

(d) Change of Address, Etc. Each of the Borrowers, the Administrative Agent, the L/C Issuer and the Swing Line Lender may change its address, facsimile or telephone number for notices and other communications hereunder by notice to the other parties hereto. Each other Lender may change its address, facsimile or telephone number for notices and other communications hereunder by notice to Carpenter, the Administrative Agent, the L/C Issuer and the Swing Line Lender. In addition, each Lender agrees to notify the Administrative Agent from time to time to ensure that the Administrative Agent has on record (i) an effective address, contact name, telephone number, facsimile number and electronic mail address to which notices and other communications may be sent and (ii) accurate wire instructions for such Lender. Furthermore, each Public Lender agrees to cause at least one individual at or on behalf of such Public Lender to at all times have selected the "Private Side Information" or similar designation on the content declaration screen of the Platform in order to enable such Public Lender or its delegate, in accordance with such Public Lender's compliance procedures and Applicable Law, including United States Federal and state securities laws, to make reference to Borrower Materials that are not made available through the "Public Side Information" portion of the Platform and that may contain material non-public information with respect to Carpenter or its securities for purposes of United States Federal or state securities laws.

(e) Reliance by Administrative Agent, L/C Issuer and Lenders. The Administrative Agent, the L/C Issuer and the Lenders shall be entitled to rely and act upon any notices (including telephonic or electronic notices, Committed Loan Notices, Notices of Loan Prepayment and Swing Line Loan Notices) purportedly given by or on behalf of any Borrower even if (i) such notices were not made in a manner specified herein, were incomplete or were not preceded or followed by any other form of notice specified herein, or (ii) the terms thereof, as understood by the recipient, varied from any confirmation thereof. The Loan Parties shall indemnify the Administrative Agent, the L/C Issuer, each Lender and the Related Parties of each of them from all losses, costs, expenses and liabilities resulting from the reliance by such Person on each notice purportedly given by or on behalf of any Borrower. All telephonic notices to and other telephonic communications with the Administrative Agent may be recorded by the Administrative Agent, and each of the parties hereto hereby consents to such recording.

**11.03 No Waiver; Cumulative Remedies; Enforcement.** No failure by any Lender or the Administrative Agent to exercise, and no delay by any such Person in exercising, any right, remedy, power or privilege hereunder or under any other Loan Document shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder or under any other Loan Document preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges herein provided, and provided under any other Loan Document, are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law.

Notwithstanding anything to the contrary contained herein or in any other Loan Document, the authority to enforce rights and remedies hereunder and under the other Loan Documents against the Loan Parties or any of them shall be vested exclusively in, and all actions and proceedings at law in connection with such enforcement shall be instituted and maintained exclusively by, the Administrative Agent in accordance with Section 8.02 for the benefit of all the Lenders and the L/C Issuer; provided, however, that the foregoing shall not prohibit (a) the Administrative Agent from exercising on its own behalf the rights and remedies that inure to its benefit (solely in its capacity as Administrative Agent) hereunder and under the other Loan Documents, (b) the L/C Issuer or the Swing Line Lender from exercising the rights and remedies that inure to its benefit (solely in its capacity as L/C Issuer or Swing Line Lender, as the case may be) hereunder and under the other Loan Documents, (c) any Lender from exercising setoff rights in accordance with Section 11.08 (subject to the terms of Section 2.14), or (d) any Lender from filing proofs of claim or appearing and filing pleadings on its own behalf during the pendency of a proceeding relative to any Loan Party under any Debtor Relief Law; and provided, further, that if at any time there is no Person acting as Administrative Agent hereunder and under the other Loan Documents, then (i) the Required Lenders shall have the rights otherwise ascribed to the Administrative Agent pursuant to Section 8.02 and (ii) in addition to the matters set forth in clauses (b), (c) and (d) of the preceding proviso and subject to Section 2.14, any Lender may, with the consent of the Required Lenders, enforce any rights and remedies available to it and as authorized by the Required Lenders.

#### 11.04 Expenses; Indemnity; Damage Waiver.

(a) Costs and Expenses. Carpenter shall pay (i) all reasonable out of pocket expenses incurred by the Administrative Agent and its Affiliates (including the reasonable fees, charges and disbursements of counsel for the Administrative Agent), in connection with the syndication of the credit facilities provided for herein, the preparation, negotiation, execution, delivery and administration of this Agreement and the other Loan Documents or any amendments, modifications or waivers of the provisions hereof or thereof (whether or not the transactions contemplated hereby or thereby shall be consummated), (ii) all reasonable out of pocket expenses incurred by the L/C Issuer in connection with the issuance, amendment, renewal or extension of any Letter of Credit or any demand for payment thereunder and (iii) all out of pocket expenses incurred by the Administrative Agent, any Lender or the L/C Issuer (including the fees, charges and disbursements of any counsel for the Administrative Agent, any Lender or the L/C Issuer), in connection with the enforcement or protection of its rights (A) in connection with this Agreement and the other Loan Documents, including its rights under this Section, or (B) in connection with the Loans made or Letters of Credit issued hereunder, including all such out of pocket expenses incurred during any workout, restructuring or negotiations in respect of such Loans or Letters of Credit.

(b) Indemnification by Carpenter. Carpenter shall indemnify the Administrative Agent (and any sub-agent thereof), each Lender and the L/C Issuer, and each Related Party of any of the foregoing Persons (each such Person being called an “Indemnitee”) against, and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and related expenses (limited, in the case of legal counsel, to the reasonable fees and expenses of one primary legal counsel to the Indemnitees, taken as a whole (or in the case of an actual or asserted conflict of interest by an Indemnitee, additional counsel to the affected Indemnitees)), incurred by any Indemnitee or asserted against any Indemnitee by any third party or by any Loan Party arising out of, in connection with, or as a result of (i) the execution or delivery of this Agreement, any other Loan Document or any agreement or instrument contemplated hereby or thereby, the performance by the parties hereto of their respective obligations hereunder or thereunder, the consummation of the transactions contemplated hereby or thereby (including, without limitation, the Indemnitee’s reliance on any Communication executed using an Electronic Signature, or in the form of an Electronic Record), or, in the case of the Administrative Agent (and any sub-agent thereof) and its Related Parties only, the administration of this Agreement and the other Loan Documents (including in respect of any matters addressed in Section 3.01), (ii) any Loan or Letter of Credit or the use or proposed use of the proceeds therefrom (including any refusal by the L/C Issuer to honor a demand for payment under a Letter of Credit if the documents presented in connection with such demand do not strictly comply with the terms of such Letter of Credit), (iii) any actual or alleged presence or release of Hazardous Materials on or from any property owned or operated by any Borrower or any of its Subsidiaries, or any Environmental Liability related in any way to any Borrower or any of its Subsidiaries, or (iv) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory, whether brought by a third party or by Carpenter or any other Loan Party, and regardless of whether any Indemnitee is a party thereto; provided that such indemnity shall not, as to any Indemnitee, be available (x) to the extent that such losses, claims, damages, liabilities or related expenses (i) are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnitee (or any of its Related Parties) or (ii) result from a claim brought by Carpenter or any other Loan Party against an Indemnitee for breach in bad faith of such Indemnitee’s obligations hereunder or under any other Loan Document, if Carpenter or such other Loan Party has obtained a final and nonappealable judgment in its favor on such claim as determined by a court of competent jurisdiction or (y) in the case of disputes solely between or among Indemnitees and not relating to or in connection with acts or omissions by any Borrower, any other Loan Party or any of their respective Affiliates, except that in the event of such dispute involving a claim or proceeding brought against the Administrative Agent or the Arrangers (in each case, in its capacity as such) by the other Indemnitees, such indemnity shall be available to the Administrative Agent or the Arrangers (in each case, in its capacity as such), as applicable (subject to the other limitations and exceptions set forth in this proviso). Without limiting the provisions of Section 3.01, this Section 11.04(b) shall not apply to any Taxes other than Taxes that represent losses, claims, damages, etc. arising from any non-Tax claim.

(c) Reimbursement by Lenders. To the extent that Carpenter for any reason fails to indefeasibly pay any amount required under subsection (a) or (b) of this Section to be paid by it to the Administrative Agent (or any sub-agent thereof), the L/C Issuer, the Swing Line Lender or any Related Party of any of the foregoing, each Lender severally agrees to pay to the Administrative Agent (or any such sub-agent), the L/C Issuer, the Swing Line Lender or such Related Party, as the case may be, such Lender's Applicable Percentage (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought) of such unpaid amount, provided that the unreimbursed expense or indemnified loss, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against the Administrative Agent (or any such sub-agent), the L/C Issuer or the Swing Line Lender in its capacity as such, or against any Related Party of any of the foregoing acting for the Administrative Agent (or any such sub-agent), the L/C Issuer or the Swing Line Lender in connection with such capacity. The obligations of the Lenders under this subsection (c) are subject to the provisions of Section 2.13(d).

(d) Waiver of Consequential Damages, Etc. To the fullest extent permitted by Applicable Law, no party hereto shall assert, and hereby waives, any claim against any Indemnitee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any other Loan Document or any agreement or instrument contemplated hereby, the transactions contemplated hereby or thereby, any Loan or Letter of Credit or the use of the proceeds thereof. No Indemnitee referred to in subsection (b) above shall be liable for any damages arising from the use by unintended recipients of any information or other materials distributed to such unintended recipients by such Indemnitee through telecommunications, electronic or other information transmission systems in connection with this Agreement or the other Loan Documents or the transactions contemplated hereby or thereby other than for direct or actual damages resulting from the gross negligence or willful misconduct of such Indemnitee as determined by a final and nonappealable judgment of a court of competent jurisdiction.

(e) Payments. All amounts due under this Section shall be payable not later than ten Business Days after demand therefor.

(f) Survival. The agreements in this Section and the indemnity provisions of Section 11.02(e) shall survive the resignation of the Administrative Agent, the L/C Issuer and the Swing Line Lender, the replacement of any Lender, the termination of the Aggregate Commitments and the repayment, satisfaction or discharge of all the other Obligations.

**11.05 Payments Set Aside.** To the extent that any payment by or on behalf of any Borrower is made to the Administrative Agent, the L/C Issuer or any Lender, or the Administrative Agent, the L/C Issuer or any Lender exercises its right of setoff, and such payment or the proceeds of such setoff or any part thereof is subsequently invalidated, declared to be fraudulent or preferential, set aside or required (including pursuant to any settlement entered into by the Administrative Agent, the L/C Issuer or such Lender in its discretion) to be repaid to a trustee, receiver or any other party, in connection with any proceeding under any Debtor Relief Law or otherwise, then (a) to the extent of such recovery, the obligation or part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been made or such setoff had not occurred, and (b) each Lender and the L/C Issuer severally agrees to pay to the Administrative Agent upon demand its applicable share (without duplication) of any amount so recovered from or repaid by the Administrative Agent, plus interest thereon from the date of such demand to the date such payment is made at a rate per annum equal to the applicable Overnight Rate from time to time in effect, in the applicable currency of such recovery or payment. The obligations of the Lenders and the L/C Issuer under clause (b) of the preceding sentence shall survive the payment in full of the Obligations and the termination of this Agreement.

**11.06 Successors and Assigns.**

(a) Successors and Assigns Generally. The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that neither any Borrower nor any other Loan Parties may assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of the Administrative Agent and each Lender and no Lender may assign or otherwise transfer any of its rights or obligations hereunder except (i) to an assignee in accordance with the provisions of subsection (b) of this Section, (ii) by way of participation in accordance with the provisions of subsection (d) of this Section or (iii) by way of pledge or assignment of a security interest subject to the restrictions of subsection (e) of this Section (and any other attempted assignment or transfer by any party hereto shall be null and void). Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby, Participants to the extent provided in subsection (d) of this Section and, to the extent expressly contemplated hereby, the Related Parties of each of the Administrative Agent, the L/C Issuer and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) Assignments by Lenders. Any Lender may at any time assign to one or more assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans (including for purposes of this subsection (b), participations in L/C Obligations and in Swing Line Loans) at the time owing to it); provided that (in each case with respect to any Facility) any such assignment shall be subject to the following conditions:

(i) Minimum Amounts.

(A) in the case of an assignment of the entire remaining amount of the assigning Lender's Commitment under any Facility and/or the Loans at the time owing to it (in each case with respect to any Facility) or in the case of an assignment to a Lender, an Affiliate of a Lender or an Approved Fund, no minimum amount need be assigned; and

(B) in any case not described in subsection (b)(i)(A) of this Section, the aggregate amount of the Commitment (which for this purpose includes Loans outstanding thereunder) or, if the Commitment is not then in effect, the principal outstanding balance of the Loans of the assigning Lender subject to each such assignment, determined as of the date the Assignment and Assumption with respect to such assignment is delivered to the Administrative Agent or, if "Trade Date" is specified in the Assignment and Assumption, as of the Trade Date, shall not be less than \$5,000,000 unless each of the Administrative Agent and, so long as no Event of Default has occurred and is continuing, Carpenter otherwise consents (each such consent not to be unreasonably withheld or delayed); provided, however, that concurrent assignments to members of an Assignee Group and concurrent assignments from members of an Assignee Group to a single Eligible Assignee (or to an Eligible Assignee and members of its Assignee Group) will be treated as a single assignment for purposes of determining whether such minimum amount has been met.

(ii) Proportionate Amounts. Each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement with respect to the Loans or the Commitment assigned, except that this clause (ii) shall not apply to the Swing Line Lender's rights and obligations in respect of Swing Line Loans;

(iii) Required Consents. No consent shall be required for any assignment except to the extent required by subsection (b)(i)(B) of this Section and, in addition:

(A) the consent of Carpenter (such consent not to be unreasonably withheld or delayed) shall be required unless (1) an Event of Default has occurred and is continuing at the time of such assignment or (2) such assignment is to a Lender, an Affiliate of a Lender or an Approved Fund; provided that Carpenter shall be deemed to have consented to any such assignment unless it shall object thereto by written notice to the Administrative Agent within five (5) Business Days after having received notice thereof; and provided, further, that Carpenter's consent shall not be required during the primary syndication of the credit facility provided herein;

(B) the consent of the Administrative Agent (such consent not to be unreasonably withheld or delayed) shall be required for assignments in respect of any USD Commitment or any AC Commitment if such assignment is to a Person that is not a Lender in respect of the applicable Facility, an Affiliate of such Lender or an Approved Fund with respect to such Lender;

(C) the consent of the L/C Issuer (such consent not to be unreasonably withheld or delayed) shall be required for any assignment in respect of the USD Facility that increases the obligation of the assignee to participate in exposure under one or more Letters of Credit (whether or not then outstanding); and

(D) the consent of the Swing Line Lender (such consent not to be unreasonably withheld or delayed) shall be required for any assignment in respect of the USD Facility.

(iv) Assignment and Assumption. The parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Assumption, together with a processing and recordation fee in the amount of \$3,500; provided, however, that the Administrative Agent may, in its sole discretion, elect to waive such processing and recordation fee in the case of any assignment. The assignee, if it is not a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire.

(v) No Assignment to Certain Persons. No such assignment shall be made to (A) Carpenter or any of Carpenter's Affiliates or Subsidiaries, (B) any Defaulting Lender or any of its Subsidiaries or any Person who, upon becoming a Lender hereunder, would constitute any of the foregoing Persons described in this clause (B) or (C) a natural person (or holding company, investment vehicle or trust for, or owned and operated for the primary benefit of, a natural person).

(vi) Certain Additional Payments. In connection with any assignment of rights and obligations of any Defaulting Lender hereunder, no such assignment shall be effective unless and until, in addition to the other conditions thereto set forth herein, the parties to the assignment shall make such additional payments to the Administrative Agent in an aggregate amount sufficient, upon distribution thereof as appropriate (which may be outright payment, purchases by the assignee of participations or subparticipations, or other compensating actions, including funding, with the consent of Carpenter and the Administrative Agent, the applicable pro rata share of Loans previously requested but not funded by the Defaulting Lender, to each of which the applicable assignee and assignor hereby irrevocably consent), to (x) pay and satisfy in full all payment liabilities then owed by such Defaulting Lender to the Administrative Agent, the L/C 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 Line Loans in accordance with its Applicable Percentage. Notwithstanding the foregoing, in the event that any assignment of rights and obligations of any Defaulting Lender hereunder shall become effective under Applicable Law without compliance with the provisions of this paragraph, then the assignee of such interest shall be deemed to be a Defaulting Lender for all purposes of this Agreement until such compliance occurs.

Subject to acceptance and recording thereof by the Administrative Agent pursuant to subsection (c) of this Section, from and after the effective date specified in each Assignment and Assumption, the assignee thereunder shall be a party to this Agreement and, to the extent of the interest assigned by such Assignment and Assumption, have the rights and obligations of a Lender under this Agreement including, for the avoidance of doubt, the obligation to provide Carpenter or Administrative Agent with any documentation required by Section 3.01(f), and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto) but shall continue to be entitled to the benefits of Sections 3.01, 3.04, 3.05, and 11.04 with respect to facts and circumstances occurring prior to the effective date of such assignment; provided that except to the extent otherwise expressly agreed by the affected parties, no assignment by a Defaulting Lender will constitute a waiver or release of any claim of any party hereunder arising from that Lender's having been a Defaulting Lender. Upon request, each Borrower (at its expense) shall execute and deliver a Note to the assignee Lender. Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this subsection shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with subsection (d) of this Section.

(c) Register. The Administrative Agent, acting solely for this purpose as an agent of the Borrowers (and such agency being solely for tax purposes), shall maintain at the Administrative Agent's Office a copy of each Assignment and Assumption delivered to it (or the equivalent thereof in electronic form) and a register for the recordation of the names and addresses of the Lenders, and the Commitments of, and principal amounts (and stated interest) of the Loans and L/C Obligations owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive absent manifest error, and the Borrowers, the Administrative Agent and the Lenders shall treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. 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. Notwithstanding anything to the contrary contained in this Agreement, the Loans and L/C Borrowings are registered obligations, the right, title and interest of the Lenders and the L/C Issuers and their assignees in and to such Loans and L/C Borrowings shall be transferable only upon notation of such transfer in the Register and no assignment thereof shall be effective until recorded therein. This Section 11.06(c) and Section 11.06(d) shall be construed so that the Loans and the L/C Borrowings are at all times maintained in the "registered form" within the meaning of Section 5f.103-1(c) of the United States Treasury Regulations or, if different, 871(h)(2) and 881(c)(2) of the Code.

(d) Participations. Any Lender may at any time, without the consent of, or notice to, any Borrower or the Administrative Agent, sell participations to any Person (other than a natural person, a Defaulting Lender, Carpenter or any of Carpenter's Affiliates or Subsidiaries) (each, a "Participant") in all or a portion of such Lender's rights and/or obligations under this Agreement (including all or a portion of its Commitment and/or the Loans (including such Lender's participations in L/C Obligations and/or Swing Line Loans) owing to it); provided that (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (iii) the Borrowers, the Administrative Agent, the Lenders and the L/C Issuer shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. For the avoidance of doubt, each Lender shall be responsible for the indemnity under Section 11.04(d) with respect to any payments made by such Lender to its Participants. Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; provided that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, waiver or other modification described in the first proviso to Section 11.01 that affects such Participant. Each Borrower agrees that each Participant shall be entitled to the benefits of Sections 3.01, 3.04 and 3.05 (subject to the requirements and limitations therein, including the requirements under Section 3.01(f) (it being understood that the documentation required under Section 3.01(f) 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 subsection (b) of this Section; provided that such Participant (A) agrees to be subject to the provisions of Section 3.06 (and, for the avoidance of doubt, Section 11.13) as if it were an assignee under subsection (b) of this Section; and (B) shall not be entitled to receive any greater payment under Sections 3.01 or 3.04, with respect to any participation, than its participating Lender would have been entitled to receive. A Participant that would be a Foreign Lender if it were a Lender shall not be entitled to the benefits of Section 3.01 unless Carpenter is notified of the participation sold to such Participant and such Participant agrees, for the benefit of the Borrowers, to comply with Section 3.01(f) as though it were a Lender. To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 11.08 as though it were a Lender, provided such Participant agrees to be subject to Section 2.14 as though it were a Lender. Each Lender that sells a participation shall, acting solely for this purpose as a non-fiduciary agent of the Borrowers, 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 to any Person (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) 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" within the meaning of Section 5f.103-1(c) of the United States Treasury Regulations or, if different, Section 871(h)(2) or 881(c)(2) of the Code. The entries in the Participant Register shall be conclusive absent manifest error, and such Lender shall treat each Person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary. For the avoidance of doubt, the Administrative Agent (in its capacity as Administrative Agent) shall have no responsibility for maintaining a Participant Register.

(e) Certain Pledges. Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement (including under its Note(s), if any) to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank; provided that no such pledge or assignment shall release such Lender from any of its obligations hereunder or substitute any such pledge or assignee for such Lender as a party hereto.

(f) Resignation as L/C Issuer or Swing Line Lender after Assignment. Notwithstanding anything to the contrary contained herein, if at any time Bank of America assigns all of its USD Commitment and USD Loans under the USD Facility pursuant to subsection (b) above, Bank of America may, (i) upon thirty (30) days' notice to Carpenter and the Lenders, resign as L/C Issuer and/or (ii) upon thirty (30) days' notice to Carpenter, resign as Swing Line Lender. In the event of any such resignation as L/C Issuer or Swing Line Lender, Carpenter shall be entitled to appoint from among the Lenders a successor L/C Issuer or Swing Line Lender hereunder; provided, however, that no failure by Carpenter to appoint any such successor shall affect the resignation of Bank of America as L/C Issuer or Swing Line Lender, as the case may be. If Bank of America resigns as L/C Issuer, it shall retain all the rights, powers, privileges and duties of the L/C Issuer hereunder with respect to all Letters of Credit outstanding as of the effective date of its resignation as L/C Issuer and all L/C Obligations with respect thereto (including the right to require the USD Lenders to make Base Rate Committed Loans or fund risk participations in Unreimbursed Amounts pursuant to Section 2.04(c)). If Bank of America resigns as Swing Line Lender, it shall retain all the rights of the Swing Line Lender provided for hereunder with respect to Swing Line Loans made by it and outstanding as of the effective date of such resignation, including the right to require the Lenders to make Base Rate Committed Loans or fund risk participations in outstanding Swing Line Loans pursuant to Section 2.05(c). Upon the appointment of a successor L/C Issuer and/or Swing Line Lender, (a) such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring L/C Issuer or Swing Line Lender, as the case may be, and (b) the successor L/C Issuer shall issue letters of credit in substitution for the Letters of Credit, if any, outstanding at the time of such succession or make other arrangements satisfactory to Bank of America to effectively assume the obligations of Bank of America with respect to such Letters of Credit.

**11.07 Treatment of Certain Information; Confidentiality.** Each of the Administrative Agent, the Lenders and the L/C Issuer agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its Related Parties (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) to the extent required or requested by, or required to be disclosed to, any rating agency or regulatory or similar authority purporting to have jurisdiction over such Person or its Related Parties (including any self-regulatory authority, such as the National Association of Insurance Commissioners), (c) to the extent required by Applicable Laws or regulations or by any subpoena or similar legal process, (d) to any other party hereto, (e) in connection with the exercise of any remedies hereunder or under any other Loan Document or any action or proceeding relating to this Agreement or any other Loan Document or the enforcement of rights hereunder or thereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section, to (i) any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Agreement or any Eligible Assignee invited to be a Lender pursuant to Section 2.17(c) or (ii) any actual or prospective counterparty (or its Related Parties) to any swap or derivative transaction relating to a Borrower and its obligations, (g) on a confidential basis to (i) any rating agency in connection with rating Carpenter or its Subsidiaries or the credit facilities provided hereunder or (h) to the CUSIP Service Bureau or any similar agency in connection with the issuance and monitoring of CUSIP numbers with respect to the credit facility provided for herein and to Gold Sheets and other similar bank trade publications, such information to consist of deal terms and other information customarily found in such publications, (i) with the consent of Carpenter or (j) to the extent such Information (x) becomes publicly available other than as a result of a breach of this Section, (y) becomes available to the Administrative Agent, any Lender, the L/C Issuer or any of their respective Affiliates on a nonconfidential basis from a source other than Carpenter or (z) is independently discovered or developed by a party hereto without utilizing any Information received from Carpenter or violating the terms of this Section 11.07. Any Person required to maintain the confidentiality of Information as provided in this Section 11.07 shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information. In addition, the Administrative Agent and the Lenders may disclose the existence of this Agreement and information about this Agreement to market data collectors, similar service providers to the lending industry and service providers to the Agents and the Lenders in connection with the administration of this Agreement, the other Loan Documents, and the Commitments.

For purposes of this Section, “Information” means all information received from Carpenter or any Subsidiary relating to Carpenter or any Subsidiary or any of their respective businesses, other than any such information that is available to the Administrative Agent, any Lender or the L/C Issuer on a nonconfidential basis prior to disclosure by Carpenter or any Subsidiary, provided that, in the case of information received from Carpenter or any Subsidiary after the date hereof, such information is clearly identified at the time of delivery as confidential. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

Each of the Administrative Agent, the Lenders and the L/C Issuer acknowledges that (a) the Information may include material non-public information concerning Carpenter or a Subsidiary, as the case may be, (b) it has developed compliance procedures regarding the use of material non-public information and (c) it will handle such material non-public information in accordance with Applicable Law, including United States Federal and state securities laws.

**11.08 Right of Setoff.** If an Event of Default shall have occurred and be continuing, each Lender, the L/C Issuer and each of their respective Affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by Applicable Law, to set off and apply any and all deposits (general or special, time or demand, provisional or final, in whatever currency) at any time held and other obligations (in whatever currency) at any time owing by such Lender, the L/C Issuer or any such Affiliate to or for the credit or the account of any Borrower or any other Loan Party against any and all of the obligations of such Borrower or such Loan Party now or hereafter existing under this Agreement or any other Loan Document to such Lender or the L/C Issuer or their respective Affiliates, irrespective of whether or not such Lender, the L/C Issuer or Affiliate shall have made any demand under this Agreement or any other Loan Document and although such obligations of such Borrower or such Loan Party may be contingent or unmatured or are owed to a branch, office or Affiliate of such Lender or the L/C Issuer different from the branch, office or Affiliate holding such deposit or obligated on such indebtedness; provided that in the event that any Defaulting Lender shall exercise any such right of setoff, (x) all amounts so set off shall be paid over immediately to the Administrative Agent for further application in accordance with the provisions of Section 2.18 and, pending such payment, shall be segregated by such Defaulting Lender from its other funds and deemed held in trust for the benefit of the Administrative Agent, the L/C Issuer, and the Lenders, and (y) the Defaulting Lender shall provide promptly to the Administrative Agent a statement describing in reasonable detail the Secured Obligations owing to such Defaulting Lender as to which it exercised such right of setoff. The rights of each Lender, the L/C Issuer and their respective Affiliates under this Section are in addition to other rights and remedies (including other rights of setoff) that such Lender, the L/C Issuer or their respective Affiliates may have. Each Lender and the L/C Issuer agrees to notify Carpenter and the Administrative Agent promptly after any such setoff and application, provided that the failure to give such notice shall not affect the validity of such setoff and application.

**11.09 Interest Rate Limitation.** Notwithstanding anything to the contrary contained in any Loan Document, the interest paid or agreed to be paid under the Loan Documents shall not exceed the maximum rate of non-usurious interest permitted by Applicable Law (the "Maximum Rate"). If the Administrative Agent or any Lender shall receive interest in an amount that exceeds the Maximum Rate, the excess interest shall be applied to the principal of the Loans or, if it exceeds such unpaid principal, refunded to Carpenter. In determining whether the interest contracted for, charged, or received by the Administrative Agent or a Lender exceeds the Maximum Rate, such Person may, to the extent permitted by Applicable Law, (a) characterize any payment that is not principal as an expense, fee, or premium rather than interest, (b) exclude voluntary prepayments and the effects thereof, and (c) amortize, prorate, allocate, and spread in equal or unequal parts the total amount of interest throughout the contemplated term of the Obligations hereunder.

**11.10 Integration; Effectiveness.** This Agreement, the other Loan Documents and any separate letter agreements with respect to fees payable to the Administrative Agent or the L/C Issuer, constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. Except as provided in Section 4.01, this Agreement shall become effective when it shall have been executed by the Administrative Agent and when the Administrative Agent shall have received counterparts hereof that, when taken together, bear the signatures of each of the other parties hereto.

**11.11 Survival of Representations and Warranties.** All representations and warranties made hereunder and in any other Loan Document or other document delivered pursuant hereto or thereto or in connection herewith or therewith shall survive the execution and delivery hereof and thereof. Such representations and warranties have been or will be relied upon by the Administrative Agent and each Lender, regardless of any investigation made by the Administrative Agent or any Lender or on their behalf and notwithstanding that the Administrative Agent or any Lender may have had notice or knowledge of any Default at the time of any Credit Extension, and shall continue in full force and effect as long as any Loan or any other Obligation hereunder shall remain unpaid or unsatisfied or any Letter of Credit shall remain outstanding.

**11.12 Severability.** If any provision of this Agreement or the other Loan Documents is held to be illegal, invalid or unenforceable, (a) the legality, validity and enforceability of the remaining provisions of this Agreement and the other Loan Documents shall not be affected or impaired thereby and (b) the parties shall endeavor in good faith negotiations to replace the illegal, invalid or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the illegal, invalid or unenforceable provisions. The invalidity of a provision in a particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. Without limiting the foregoing provisions of this Section 11.12, if and to the extent that the enforceability of any provisions in this Agreement relating to Defaulting Lenders shall be limited by Debtor Relief Laws, as determined in good faith by the Administrative Agent, the L/C Issuer or the Swing Line Lender, as applicable, then such provisions shall be deemed to be in effect only to the extent not so limited.

**11.13 Replacement of Lenders.** If (i) any Lender requests compensation under Section 3.04, (ii) 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 3.01, (iii) the obligation of any Lender to make Loans has been suspended pursuant to Section 3.02, (iv) a Lender (a “Non-Consenting Lender”) does not consent to a proposed change, waiver, discharge or termination with respect to any Loan Document that has been approved by the Required Lenders as provided in Section 11.01 but requires unanimous consent of all Lenders or all Lenders directly affected thereby (as applicable) or (v) any Lender is a Defaulting Lender, then Carpenter may, at its sole expense and effort, upon notice to such Lender and the Administrative Agent, require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in, and consents required by, Section 11.06), all of its interests, rights (other than its existing rights to payments pursuant to Sections 3.01 and 3.04) and obligations under this Agreement and the related Loan Documents to an assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment), provided that:

(a) Carpenter shall have paid (or caused a Subsidiary Borrower to pay) to the Administrative Agent the assignment fee specified in Section 11.06(b);

(b) such Lender shall have received payment of an amount equal to the outstanding principal of its Loans and L/C Advances, accrued interest thereon, accrued fees and all other amounts payable to it hereunder and under the other Loan Documents (including any amounts under Section 3.05) from the assignee (to the extent of such outstanding principal and accrued interest and fees) or Carpenter or applicable Subsidiary Borrower (in the case of all other amounts);

(c) in the case of any such assignment resulting from a claim for compensation under Section 3.04 or payments required to be made pursuant to Section 3.01, such assignment will result in a reduction in such compensation or payments thereafter;

(d) such assignment does not conflict with Applicable Laws; and

(e) in the case of any such assignment resulting from a Non-Consenting Lender’s failure to consent to a proposed change, waiver, discharge or termination with respect to any Loan Document, the applicable replacement bank, financial institution or Fund consents to the proposed change, waiver, discharge or termination; provided that the failure by such Non-Consenting Lender to execute and deliver an Assignment and Assumption shall not impair the validity of the removal of such Non-Consenting Lender and the mandatory assignment of such Non-Consenting Lender’s Commitments and outstanding Loans and participations in L/C Obligations and Swing Line Loans pursuant to this Section 11.13 shall nevertheless be effective without the execution by such Non-Consenting Lender of an Assignment and Assumption.

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

For purposes of this Section 11.13, a “Non-Consenting Lender” means (a) any Lender that does not approve any consent, waiver or amendment that (i) require the approval of all Lenders or all affected Lenders in accordance with the terms of Section 11.01 and (ii) has been approved by the Required Lenders, (b) any AC Lender that does not approve any consent, waiver or amendment that (i) require the approval of all AC Lenders or all affected AC Lenders in accordance with the terms of Section 11.01 and (ii) has been approved by the Required AC Lenders, and (c) any USD Lender that does not approve any consent, waiver or amendment that (i) require the approval of all USD Lenders or all affected USD Lenders in accordance with the terms of Section 11.01 and (ii) has been approved by the Required USD Lenders.

Each party hereto agrees that (a) an assignment required pursuant to this Section 11.13 may be effected pursuant to an Assignment and Assumption executed by Carpenter, the Administrative Agent and the assignee and (b) the Lender required to make such assignment need not be a party thereto in order for such assignment to be effective and shall be deemed to have consented to an be bound by the terms thereof; provided that, following the effectiveness of any such assignment, the other parties to such assignment agree to execute and deliver such documents necessary to evidence such assignment as reasonably requested by the applicable Lender, provided, further that any such documents shall be without recourse to or warranty by the parties thereto.

Notwithstanding anything in this Section 11.13 to the contrary, (i) the Lender that acts as the L/C Issuer may not be replaced hereunder at any time it has any Letter of Credit outstanding hereunder unless arrangements satisfactory to such Lender (including the furnishing of a backstop standby letter of credit in form and substance, and issued by an issuer, reasonably satisfactory to such L/C Issuer or the depositing of cash collateral into a cash collateral account in amounts and pursuant to arrangements reasonably satisfactory to such L/C Issuer) have been made with respect to such outstanding Letter of Credit and (ii) the Lender that acts as the Administrative Agent may not be replaced hereunder except in accordance with the terms of Section 9.06.

#### **11.14 Governing Law; Jurisdiction; Etc.**

(a) GOVERNING LAW. THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS AND ANY CLAIMS, CONTROVERSY, DISPUTE OR CAUSE OF ACTION (WHETHER IN CONTRACT OR TORT OR OTHERWISE) BASED UPON, ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT (EXCEPT, AS TO ANY OTHER LOAN DOCUMENT, AS EXPRESSLY SET FORTH THEREIN) AND THE TRANSACTIONS CONTEMPLATED HEREBY AND THEREBY SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

(b) SUBMISSION TO JURISDICTION. EACH BORROWER AND EACH OTHER LOAN PARTY IRREVOCABLY AND UNCONDITIONALLY AGREES THAT IT WILL NOT COMMENCE ANY ACTION, LITIGATION OR PROCEEDING OF ANY KIND OR DESCRIPTION, WHETHER IN LAW OR EQUITY, WHETHER IN CONTRACT OR IN TORT OR OTHERWISE, AGAINST THE ADMINISTRATIVE AGENT, ANY LENDER, THE L/C ISSUER, OR ANY RELATED PARTY OF THE FOREGOING IN ANY WAY RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS RELATING HERETO OR THERETO, IN ANY FORUM OTHER THAN THE COURTS OF THE STATE OF NEW YORK SITTING IN NEW YORK COUNTY AND OF THE UNITED STATES DISTRICT COURT OF THE SOUTHERN DISTRICT OF NEW YORK, AND ANY APPELLATE COURT FROM ANY THEREOF, AND EACH OF THE PARTIES HERETO IRREVOCABLY AND UNCONDITIONALLY SUBMITS TO THE JURISDICTION OF SUCH COURTS AND AGREES THAT ALL CLAIMS IN RESPECT OF ANY SUCH ACTION, LITIGATION OR PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH NEW YORK STATE COURT OR, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, IN SUCH FEDERAL COURT. EACH OF THE PARTIES HERETO AGREES THAT A FINAL JUDGMENT IN ANY SUCH ACTION, LITIGATION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW. NOTHING IN THIS AGREEMENT OR IN ANY OTHER LOAN DOCUMENT SHALL AFFECT ANY RIGHT THAT THE ADMINISTRATIVE AGENT, ANY LENDER OR THE L/C ISSUER MAY OTHERWISE HAVE TO BRING ANY ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT AGAINST ANY BORROWER OR ANY OTHER LOAN PARTY OR ITS PROPERTIES IN THE COURTS OF ANY JURISDICTION.

(c) WAIVER OF VENUE. EACH BORROWER AND EACH OTHER LOAN PARTY IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT IN ANY COURT REFERRED TO IN PARAGRAPH (B) OF THIS SECTION. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION OR PROCEEDING IN ANY SUCH COURT.

(d) SERVICE OF PROCESS. EACH PARTY HERETO IRREVOCABLY CONSENTS TO SERVICE OF PROCESS IN THE MANNER PROVIDED FOR NOTICES IN SECTION 11.02. NOTHING IN THIS AGREEMENT WILL AFFECT THE RIGHT OF ANY PARTY HERETO TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY APPLICABLE LAW.

**11.15 Waiver of Jury Trial.** EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

**11.16 Subordination.** Each Loan Party (a “Subordinating Loan Party”) hereby subordinates the payment of all obligations and indebtedness of any other Loan Party owing to it, whether now existing or hereafter arising, including but not limited to any obligation of any such other Loan Party to the Subordinating Loan Party as subrogee of the Secured Parties or resulting from such Subordinating Loan Party’s performance under the Guaranty, to the indefeasible payment in full in cash of all Obligations. If the Secured Parties so request, any such obligation or indebtedness of any such other Loan Party to the Subordinating Loan Party shall be enforced and performance received by the Subordinating Loan Party as trustee for the Secured Parties and the proceeds thereof shall be paid over to the Secured Parties on account of the Secured Obligations, but without reducing or affecting in any manner the liability of the Subordinating Loan Party under this Agreement. Without limitation of the foregoing, so long as no Default has occurred and is continuing, the Loan Parties may make and receive payments with respect to Intercompany Debt; provided, that in the event that any Loan Party receives any payment of any Intercompany Debt at a time when such payment is prohibited by this Section 11.16, such payment shall be held by such Loan Party, in trust for the benefit of, and shall be paid forthwith over and delivered, upon written request, to the Administrative Agent.

**11.17 No Advisory or Fiduciary Responsibility.** In connection with all aspects of each transaction contemplated hereby (including in connection with any amendment, waiver or other modification hereof or of any other Loan Document), each Borrower and each other Loan Party acknowledges and agrees, and acknowledges its Affiliates’ understanding, that: (i) (A) the arranging and other services regarding this Agreement provided by the Administrative Agent and the Arrangers are arm’s-length commercial transactions between such Borrower, each other Loan Party and their respective Affiliates, on the one hand, and the Administrative Agent and the Arrangers, on the other hand, (B) each of the Borrowers and the other Loan Parties have consulted its own legal, accounting, regulatory and tax advisors to the extent it has deemed appropriate, and (C) each of the Borrowers and the other Loan Parties is capable of evaluating, and understands and accepts, the terms, risks and conditions of the transactions contemplated hereby and by the other Loan Documents; (ii) (A) the Administrative Agent and each Arranger each is and has been acting solely as a principal and, except as expressly agreed in writing by the relevant parties, has not been, is not, and will not be acting as an advisor, agent or fiduciary for the Borrowers, any other Loan Party, or any of their respective Affiliates, or any other Person and (B) neither the Administrative Agent nor any Arranger has any obligation to the Borrowers, the other Loan Parties or any of their respective Affiliates with respect to the transactions contemplated hereby except those obligations expressly set forth herein and in the other Loan Documents; and (iii) the Administrative Agent and the Arrangers and their respective Affiliates may be engaged in a broad range of transactions that involve interests that differ from those of the Borrowers, any other Loan Party and their respective Affiliates, and neither the Administrative Agent nor any Arranger has any obligation to disclose any of such interests to the Borrowers, any other Loan Parties or their respective Affiliates. To the fullest extent permitted by law, each of the Borrowers and the other Loan Parties hereby waives and releases any claims that it may have against the Administrative Agent, the Arrangers and the Lenders with respect to any breach or alleged breach of agency or fiduciary duty in connection with any aspect of any transaction contemplated hereby.

**11.18 Electronic Execution; Electronic Records; Counterparts.** This Agreement, any Loan Document and any other Communication, including Communications required to be in writing, may be in the form of an Electronic Record and may be executed using Electronic Signatures. Each of the Loan Parties and each of the Administrative Agent and each Lender Party agrees that any Electronic Signature on or associated with any Communication shall be valid and binding on such Person to the same extent as a manual, original signature, and that any Communication entered into by Electronic Signature, will constitute the legal, valid and binding obligation of such Person enforceable against such Person in accordance with the terms thereof to the same extent as if a manually executed original signature was delivered. Any Communication may be executed in as many counterparts as necessary or convenient, including both paper and electronic counterparts, but all such counterparts are one and the same Communication. For the avoidance of doubt, the authorization under this paragraph may include, without limitation, use or acceptance of a manually signed paper Communication which has been converted into electronic form (such as scanned into PDF format), or an electronically signed Communication converted into another format, for transmission, delivery and/or retention. The Administrative Agent and each of the Lender Parties may, at its option, create one or more copies of any Communication in the form of an imaged Electronic Record (“Electronic Copy”), which shall be deemed created in the ordinary course of such Person’s business, and destroy the original paper document. All Communications in the form of an Electronic Record, including an Electronic Copy, shall be considered an original for all purposes, and shall have the same legal effect, validity and enforceability as a paper record. Notwithstanding anything contained herein to the contrary, neither the Administrative Agent, L/C Issuer nor Swing Line Lender is under any obligation to accept an Electronic Signature in any form or in any format unless expressly agreed to by such Person pursuant to procedures approved by it; provided, further, without limiting the foregoing, (a) to the extent the Administrative Agent, L/C Issuer and/or Swing Line Lender has agreed to accept such Electronic Signature, the Administrative Agent and each of the Lender Parties shall be entitled to rely on any such Electronic Signature purportedly given by or on behalf of any Loan Party and/or any Lender Party without further verification and (b) upon the request of the Administrative Agent or any Lender Party, any Electronic Signature shall be promptly followed by such manually executed counterpart.

Neither the Administrative Agent, L/C Issuer nor Swing Line Lender shall be responsible for or have any duty to ascertain or inquire into the sufficiency, validity, enforceability, effectiveness or genuineness of any Loan Document or any other agreement, instrument or document (including, for the avoidance of doubt, in connection with the Administrative Agent’s, L/C Issuer’s or Swing Line Lender’s reliance on any Electronic Signature transmitted by telecopy, emailed .pdf or any other electronic means). The Administrative Agent, L/C Issuer and Swing Line Lender shall be entitled to rely on, and shall incur no liability under or in respect of this Agreement or any other Loan Document by acting upon, any Communication (which writing may be a fax, any electronic message, Internet or intranet website posting or other distribution or signed using an Electronic Signature) or any statement made to it orally or by telephone and believed by it to be genuine and signed or sent or otherwise authenticated (whether or not such Person in fact meets the requirements set forth in the Loan Documents for being the maker thereof).

Each of the Loan Parties and each Lender Party hereby waives (i) any argument, defense or right to contest the legal effect, validity or enforceability of this Agreement, any other Loan Document based solely on the lack of paper original copies of this Agreement, such other Loan Document, and (ii) waives any claim against the Administrative Agent, each Lender Party and each Related Party for any liabilities arising solely from the Administrative Agent's and/or any Lender Party's reliance on or use of Electronic Signatures, including any liabilities arising as a result of the failure of the Loan Parties to use any available security measures in connection with the execution, delivery or transmission of any Electronic Signature.

**11.19 USA PATRIOT Act.** Each Lender that is subject to the Patriot Act (as hereinafter defined) and the Administrative Agent (for itself and not on behalf of any Lender) hereby notifies the Borrowers that pursuant to the requirements of the USA PATRIOT Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "Patriot Act"), it is required to obtain, verify and record information that identifies each Borrower, each other Loan Party and their Subsidiaries, which information includes the name, address and tax identification numbers of each Borrower and each other Loan Party and other information that will allow such Lender or the Administrative Agent, as applicable, to identify such Borrower and each other Loan Party in accordance with the Patriot Act. Each Borrower and each other Loan Party shall, promptly following a request by the Administrative Agent or any Lender, provide all documentation and other information that the Administrative Agent or such Lender requests in order to comply with its ongoing obligations under applicable "know your customer" and anti-money laundering rules and regulations, including the Patriot Act.

**11.20 Judgment Currency.** If, for the purposes of obtaining judgment in any court, it is necessary to convert a sum due hereunder or any other Loan Document in one currency into another currency, the rate of exchange used shall be that at which in accordance with normal banking procedures the Administrative Agent could purchase the first currency with such other currency on the Business Day preceding that on which final judgment is given. The obligation of each Loan Party in respect of any such sum due from it to the Administrative Agent or any Lender hereunder or under the other Loan Documents shall, notwithstanding any judgment in a currency (the "Judgment Currency") other than that in which such sum is denominated in accordance with the applicable provisions of this Agreement (the "Agreement Currency"), be discharged only to the extent that on the Business Day following receipt by the Administrative Agent or such Lender, as the case may be, of any sum adjudged to be so due in the Judgment Currency, the Administrative Agent or such Lender, as the case may be, may in accordance with normal banking procedures purchase the Agreement Currency with the Judgment Currency. If the amount of the Agreement Currency so purchased is less than the sum originally due to the Administrative Agent or any Lender from any Loan Party in the Agreement Currency, such Loan Party agrees, as a separate obligation and notwithstanding any such judgment, to indemnify the Administrative Agent or such Lender, as the case may be, against such loss. If the amount of the Agreement Currency so purchased is greater than the sum originally due to the Administrative Agent or any Lender in such currency, the Administrative Agent or such Lender, as the case may be, agrees to return the amount of any excess to such Loan Party (or to any other Person who may be entitled thereto under Applicable Law).

**11.21 Acknowledgement 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 Lender or L/C Issuer that is an Affected Financial Institution arising under any Loan Document, to the extent such liability is unsecured, may be subject to the Write-Down and Conversion Powers of 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 Lender or L/C Issuer that is an Affected Financial Institution; and

(b) the effects of any Bail-In Action on any such liability, including, if applicable:

(i) a reduction in full or in part or cancellation of any such liability;

(ii) a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such Affected Financial Institution, its parent undertaking, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Agreement or any other Loan Document; or

(iii) the variation of the terms of such liability in connection with the exercise of the Write-Down and Conversion Powers of the applicable Resolution Authority.

**11.22 Acknowledgement Regarding Any Supported QFCs.** To the extent that the Loan Documents provide support, through a guarantee or otherwise, for any Swap Contract or any other agreement or instrument that is a QFC (such support, “QFC Credit Support”, and each such QFC, a “Supported QFC”), the parties acknowledge and agree as follows with respect to the resolution power of the Federal Deposit Insurance Corporation under the Federal Deposit Insurance Act and Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act (together with the regulations promulgated thereunder, the “U.S. Special Resolution Regimes”) in respect of such Supported QFC and QFC Credit Support (with the provisions below applicable notwithstanding that the Loan Documents and any Supported QFC may in fact be stated to be governed by the laws of the State of New York and/or of the United States or any other state of the United States):

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

(b) As used in this Section 11.22, 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).

**11.23 Amendment and Restatement; No Novation.** This Agreement constitutes an amendment and restatement of the Existing Credit Agreement, effective from and after the Closing Date. The execution and delivery of this Agreement shall not constitute a novation of any indebtedness or other obligations owing to the Lenders or the Administrative Agent under the Existing Credit Agreement based on facts or events occurring or existing prior to the execution and delivery of this Agreement. On the Closing Date, the credit facilities described in the Existing Credit Agreement, shall be amended, supplemented, modified and restated in their entirety by the facilities described herein, and all loans and other obligations of the Borrowers outstanding as of such date under the Existing Credit Agreement, shall be deemed to be loans and obligations outstanding under the corresponding facilities described herein, without any further action by any Person, except that the Administrative 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, reflect the respective Commitment of the Lenders hereunder.

[SIGNATURE PAGES FOLLOW]

*IN WITNESS WHEREOF*, the parties hereto have caused this Agreement to be duly executed as of the date first above written.

BORROWER:

**CARPENTER TECHNOLOGY CORPORATION**

By: /s/ Timothy Lain

Name: Timothy Lain

Title: Senior Vice President and Chief Financial Officer

Carpenter Technology Corporation  
Second Amended and Restated Credit Agreement (2023)  
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ADMINISTRATIVE AGENT:

**BANK OF AMERICA, N.A.**

By: /s/ DeWayne D. Rosse  
Name: DeWayne D. Rosse  
Title: Assistant Vice President

Carpenter Technology Corporation  
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LENDER, SWING LINE LENDER AND L/C ISSUER:

**BANK OF AMERICA, N.A.**

By: /s/ Kevin Dobosz  
Name: Kevin Dobosz  
Title: Senior Vice President

Carpenter Technology Corporation  
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LENDER:

**JPMORGAN CHASE BANK, N.A.**

By: /s/ Anthony Galea  
Name: Anthony Galea  
Title: Executive Director

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LENDER:

**PNC BANK, NATIONAL ASSOCIATION**

By: /s/ Joseph McElhinny  
Name: Joseph McElhinny  
Title: Senior Vice President

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LENDER:

**U.S. BANK NATIONAL ASSOCIATION**

By: /s/ Paul F. Johnson  
Name: Paul F. Johnson  
Title: Vice President

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LENDER:

**FULTON BANK, N.A.**

By: /s/ Michael J. Lessig  
Name: Michael J. Lessig  
Title: Senior Vice President

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LENDER:

**FIRST NATIONAL BANK**

By: /s/ Larry Bardo  
Name: Larry Bardo  
Title: Senior Vice President

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LENDER:

**KEYBANK NATIONAL ASSOCIATION**

By: /s/ Andrew Sennett  
Name: Andrew Sennett  
Title: Vice President

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**SECOND AMENDMENT TO THE  
EXECUTIVE INCENTIVE BONUS COMPENSATION PLAN OF  
CARPENTER TECHNOLOGY CORPORATION EFFECTIVE AS OF JULY 1, 2021**

THIS SECOND AMENDMENT is made on this 8<sup>th</sup> day of April, 2024, by Carpenter Technology Corporation, a corporation duly organized under the laws of the state of Delaware (the “Company”).

**INTRODUCTION**

The Company maintains the Executive Incentive Bonus Compensation Plan of Carpenter Technology Corporation (the “Plan”), which was last amended and restated effective as of July 1, 2021 and amended one time since that date, for the benefit of certain of the Company’s officers and key employees. The Company reserved the right to amend the Plan pursuant to Section VII thereof. The Company now wishes to amend the Plan to provide that clawback policies of the Company and its subsidiaries may apply to compensation earned under the Plan.

**AMENDMENT**

NOW, THEREFORE, effective as of April 8, 2024, the Company does hereby amend the Plan by adding the following sentence to the end of the existing Section IV:

“Notwithstanding any other provision herein, Executive Incentive Compensation earned hereunder is subject to any applicable compensation, clawback, recoupment or similar policies of the Company or a subsidiary of the Company in effect from time to time, whether adopted before or after the date such Executive Incentive Compensation is paid and such other clawback rules as may be required by applicable law.”

Except as specifically amended hereby, the Plan shall remain in full force and effect prior to this Second Amendment.

IN WITNESS WHEREOF, the Company has caused this Second Amendment to be executed on the day and year first above written.

CARPENTER TECHNOLOGY CORPORATION

By: \_\_\_\_\_

Rachelle H. Thompson,  
Vice President, Chief Human Resources Officer

**THIRD AMENDMENT TO THE  
CARPENTER TECHNOLOGY CORPORATION  
STOCK-BASED INCENTIVE COMPENSATION PLAN  
FOR OFFICERS AND KEY EMPLOYEES**

THIS THIRD AMENDMENT is made as of the 8<sup>th</sup> day of April, 2024, by Carpenter Technology Corporation, a corporation organized under the laws of the State of Delaware (the “Company”).

**INTRODUCTION**

The Company maintains the Carpenter Technology Corporation Stock-Based Incentive Compensation Plan for Officers and Key Employees (the “Plan”), which was last amended and restated to be effective as of October 11, 2022, as amended twice since such date. The Company reserved the right to amend the Plan pursuant to Section 10.1 thereof. The Company wishes to amend to the Plan to provide that the Company’s clawback policies may apply to awards granted under the Plan.

**AMENDMENT**

NOW THEREFORE, the Plan is amended, effective as of April 8, 2024, by adding the following sentence to the end of the existing Section 6.6:

“Notwithstanding any other provision herein, Awards granted hereunder are subject to any applicable compensation, clawback, recoupment or similar policies of the Company or any Subsidiary in effect from time to time, whether adopted before or after the date any Award is granted and such other clawback rules as may be required by applicable law.”

Except as specifically amended hereby, the Plan shall remain in full force and effect prior to this Third Amendment.

IN WITNESS WHEREOF, the Company has caused this Third Amendment to be executed on the day and year first written above.

CARPENTER TECHNOLOGY CORPORATION

By: \_\_\_\_\_

Rachelle H. Thompson,  
Vice President, Chief Human Resources Officer

**THIRD AMENDMENT OF  
THE DEFERRED COMPENSATION PLAN FOR OFFICERS AND KEY EMPLOYEES OF CARPENTER  
TECHNOLOGY CORPORATION**

THIS THIRD AMENDMENT is made on April 8, 2024, by CARPENTER TECHNOLOGY CORPORATION, a corporation duly organized and existing under the laws of the State of Delaware (the “Company”).

**INTRODUCTION**

The Company maintains the Deferred Compensation Plan for Officers and Key Employees of Carpenter Technology Corporation (the “Plan”), which was last amended and restated effective as of July 1, 2014 and amended two times since that date. The Company reserved the right to amend the Plan pursuant to Section 9.1 thereof. The Company now wishes to amend the Plan to provide that the clawback policies of the Company and its subsidiaries may apply to amounts deferred under the Plan.

**AMENDMENT**

NOW, THEREFORE, effective as of April 8, 2024, the Company does hereby amend the Plan by adding the following new Section 4.7:

“4.7 Clawback. Notwithstanding any other provision herein, amounts deferred hereunder are subject to any applicable compensation, clawback, recoupment or similar policies of the Employer in effect from time to time, whether adopted before or after the date of deferral and such other clawback rules as may be required by applicable law.”

Except as specifically amended hereby, the Plan shall remain in full force and effect prior to this Third Amendment.

IN WITNESS WHEREOF, the Company has caused this Third Amendment to be executed on the day and year first above written.

CARPENTER TECHNOLOGY CORPORATION

By: \_\_\_\_\_

Rachelle H. Thompson,  
Vice President, Chief Human Resources Officer



### Insider Trading Policies and Procedures

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It is a violation of Carpenter Technology Corporation's Insider Trading Policies and Procedures ("Policies") and federal law for any employee or director to trade in Carpenter Technology's securities or the securities of certain other companies while he or she is aware of material non-public information about Carpenter Technology or such other companies. The Policies are designed to:

- Identify "inside information" as it develops;
- Centralize responsibility for determining whether, when and how such information is to be publicly disclosed;
- Enforce prohibitions against the selective disclosure or other misuse of inside information by employees and directors;
- Educate all employees and directors regarding their individual responsibilities with respect to inside information; and
- Prevent all employees and directors from engaging in securities trading that may violate securities law restrictions on the use of inside information.

Familiarity and compliance with the requirements reflected in these Policies is a condition of your continued employment by (or other association with) Carpenter Technology. Among other things, you may be required to certify to Carpenter Technology that you have read and understand the Policies and will comply with them.

If you have any questions about the application of the Policies, please contact **Carpenter Technology's Senior Vice President, General Counsel and Secretary** (contact: Michele Rapino, Legal Administrator and Executive Assistant-Legal, [mrapino@cartech.com](mailto:mrapino@cartech.com), phone: 610-208-2102).

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## OVERVIEW OF LAW AND POTENTIAL LIABILITIES

Under federal and state securities laws, material information about Carpenter Technology Corporation (“Carpenter Technology”, the “Company” or “we”) or its business is subject to several restrictions on its use and disclosure to others, until the information has been publicly disseminated. All employees of the Company (in addition to directors) – and certain persons who are related to or associated with an employee or director who are aware of such information – are prohibited from directly or indirectly taking improper personal advantage of such information, or improperly passing on such information to others. These restrictions help ensure a level playing field with respect to investments in the Company’s securities, which is important to the Company for business as well as legal reasons.

The substantive policies contained in this document are presented in two major parts – one focused on who may, and who may not, disclose material information about the Company (the “**Information Disclosure Policy**” part); and the other focused on the special prohibition against using inside information to buy or sell securities (the “**Securities Trading Policy**” part). There are serious legal and penal implications for violating either set of restrictions, and the Company can terminate its relationship with any person who does so. While not a substitute for reading the specific guidelines of both policies, the following key concepts or principles may aid understanding as you proceed:

- “Inside information” is material information concerning the Company or its business that is not known by, or reasonably accessible to, the public at large;
- Rule 10b-5 under the Securities Exchange Act of 1934 and certain other securities laws prohibit the misstatement of, or failure to disclose, a “material” fact in connection with the purchase or sale of securities. In general, information is “material” if it would likely affect the investment decision of a reasonable investor or would significantly alter the mix of information upon which a reasonable person would likely make decisions about a company or its securities;
- If an individual who possesses inside information (an “insider”) buys or sells Carpenter Technology securities, the person who bought from, or sold to, the insider may sue for damages, and the Securities and Exchange Commission (the “SEC”) could start injunctive or criminal proceedings against the insider (an insider does *not* need to be an officer or director of Carpenter Technology);
- Liability may be imposed on an insider who leaks inside information (a “tipper”) to others who use it in their trading activities. The receiver of the tip (a “tippee”) also is prohibited from trading on inside information received from an insider. Penalties may include fines well in excess of the profits derived from the insider trade and prison terms of up to ten years; and
- The Company may be liable for faulty, selective or incomplete disclosure of material information, regardless of whether insider or tippee trading occurs.

## **INFORMATION DISCLOSURE POLICY**

### ***Overview and Scope***

The Company is required under federal securities laws, including Regulation FD, to avoid the selective disclosure of material non-public information. The Company has established procedures for releasing material information in a manner that is designed both (i) to meet the Company's obligations for timely disclosure of important information and (ii) to achieve broad public dissemination of the information immediately upon its disclosure. In order to ensure that the Company is able to comply with its obligations, *you may not disclose information to anyone outside the Company, including family members and friends, other than in accordance with the procedures of this Information Disclosure Policy (the "Disclosure Policy").*

In addition, you may not discuss the Company or its business on social media, on the Internet or in a similar Internet-based forum, regardless of the Company's previous public disclosure of information about the matter being discussed.

Any discussions of material information about the Company or its business outside the provisions of this Disclosure Policy could lead to liability for the insider (tipper) as well as the outsider (tippee). Failure to comply with these restrictions may also be the basis for appropriate disciplinary action by the Company, including termination of employment in accordance with Carpenter Technology's Code of Conduct and other policies, or severance of your other relationship with the Company.

### ***Information Officer and Authorized Spokespersons***

The Company has identified an officer to act as "Information Officer." This Information Officer will rely on other senior level employees in each department or operating group to ensure that the Information Officer is aware of developments within that department or group that might be material. The current Information Officer is James D. Dee, Senior Vice President, General Counsel and Secretary.

*All requests for information, comments or interviews (other than routine customer or vendor inquiries), whether from the media, analysts or stockholders, shall be directed to the Information Officer, who will clear all proposed responses.* The Information Officer, the Company's Chief Executive Officer and the Company's Chief Financial Officer are the only persons authorized to discuss information that might be material with securities professionals (analysts, investment managers, brokers, etc.) or holders of the Company's securities. Other employees are not permitted to respond to such inquiries, except to the extent specifically instructed by one of these authorized spokespersons.

### ***Identifying "Material" Information***

Information concerning the Company, its business or the market for its securities that might be material frequently arises within a particular department or operating group, before it is known by senior management of Carpenter Technology. Accordingly, any employee who becomes aware of information that might be material should promptly and fully disclose the information to his or her supervisor or the head of his or her department or business unit, who in turn must disclose the information to the Information Officer. The Information Officer will make a determination as to whether or not such information is material. Until told otherwise by the

supervisor, department or business unit head, or the Information Officer, the employee should not disclose or discuss the information with any other person (including other employees of Carpenter Technology) unless necessary for the performance by that person of his or her responsibilities to Carpenter Technology. Please see Appendix I for some examples of material information.

## SECURITIES TRADING POLICY

### *Overview and Scope*

Under Rule 10b-5 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), it is fraudulent to purchase or sell securities while in possession of “material” information that has not been publicly disclosed. Violations, even unintentional ones, may be punishable under the Insider Trading and Securities Fraud Enforcement Act. This Act provides for civil penalties of up to \$1,000,000 and also prescribes criminal penalties, including a prison term of up to ten years. These laws apply to *all employees*, as well as to officers and directors, of the Company. Certain provisions of these laws, however, have greater implications for officers and directors and for certain other persons who have special access to potentially material information.

In order to avoid any situation that may give rise to sanctions, and to avoid the appearance of impropriety where none exists, Carpenter Technology has adopted and will enforce this Securities Trading Policy (the “Trading Policy”).

The entirety of this Trading Policy applies at all times to the following four categories of persons:

- (i) all directors and executive officers of Carpenter Technology;
- (ii) all employees who report directly to any of the Chief Executive Officer (“CEO”), Chief Financial Officer (“CFO”) or Chief Legal Officer (“General Counsel”) of Carpenter Technology;
- (iii) all finance and accounting personnel, provided that the CFO shall periodically exempt in writing certain positions (positions that do not expose the personnel to material information) from this requirement; and
- (iv) those employees of Carpenter Technology and its subsidiaries and other affiliates who are advised from time to time that their trades in Carpenter Technology securities (or the securities of another company) are prohibited, other than during a trading window period as provided herein, or under an approved pre-arranged Rule 10b5-1 Plan (as defined herein).

The foregoing persons have, or may have from time to time, access to material non-public information concerning Carpenter Technology.

All employees should note that the requirements discussed in more detail under “Insider Trading and Tipping Prohibited”, “Pre-Arranged Trading Plans” and “Trading Window”, below, are applicable to all employees unless and until we provide written notification otherwise.

We may decide to apply the entirety of this Trading Policy to all Carpenter Technology employees, at all levels within the Company, in which event an appropriate notification will be provided to you if you are not otherwise in one of the above four categories. As a result, regardless of whether you are an employee presently included within one of the above four specific categories, you should read and become familiar with this Trading Policy.

*This Trading Policy also applies to the spouse, family members and economic dependents of the above persons, and to any other person or entity over whom any such person has control.* We will regard trades made by or at the direction of such other persons or entities as trades made by our directors and employees to whom this Trading Policy applies directly. In addition, we will consider these directors and employees to be responsible for compliance with this Trading Policy by all persons whose trades are attributed to them. All references in this Trading Policy to “you” should be read to include all of such other persons or entities.

### ***Administration***

This Trading Policy is administered by Carpenter Technology’s Senior Vice President, General Counsel and Secretary, James D. Dee, who is designated as Carpenter Technology’s “Compliance Officer”. The Compliance Officer will make determinations about the application of this Trading Policy to particular situations or possible exceptions, and will otherwise interpret, administer and enforce this Trading Policy on a day-to-day basis. The Compliance Officer will also assist you with compliance with this Trading Policy. *Please contact the Compliance Officer with questions you may have about any matter discussed in this Trading Policy.*

### ***Insider Trading and Tipping Prohibited***

The federal securities laws prohibit the purchase or sale of securities by a person, in breach of a fiduciary duty or other relationship of trust or confidence, while he or she is aware of material non-public information relating to those securities. The federal securities laws also prohibit persons who are aware of material non-public information from disclosing it (so-called “tipping”) to any other person who might trade in the relevant securities while in possession of the information. Accordingly, even if persons to whom direct disclosure is made do not trade on the basis of the information, the person making the initial disclosure can be deemed responsible for the trades made by subsequent persons who later received the information from a person to whom the initial disclosure was made.

For purposes of these securities laws, *all Carpenter Technology employees* (and not just our directors and officers) may be considered to have such a fiduciary duty or other relationship of trust or confidence with Carpenter Technology. As a result, each of you is subject to the prohibitions of these laws with respect to your trading in Carpenter Technology securities and your tipping of information to others that leads, directly or indirectly, to such trading.

It is our policy, therefore, that you may not, while aware of any material non-public information about Carpenter Technology, engage in any transaction involving a purchase or sale of our securities, disclose (“tip”) such information to other persons, or enter into any other transaction to take advantage of such information. The terms “material”, “non-public” and “securities” are explained below in the “**Some Key Definitions**” section of this Trading Policy. If you have any questions about a specific transaction, you are encouraged to obtain guidance from the Compliance Officer. ***The ultimate responsibility, however, for adhering to this policy and avoiding improper transactions rests with you.***

There are certain limited exceptions from the above prohibitions (see “**Pre-Arranged Trading Plans**” section of this Trading Policy). Because the exceptions are limited and will be interpreted and applied strictly, you should consult with the Compliance Officer before you act in reliance on any perceived exception.

### ***Consequences of Non-Compliance***

Under the federal securities laws, a person found to have traded securities while in possession of material non-public information (or to have tipped such information) may be subject to criminal fines and imprisonment, as well as civil penalties of up to three times the profit gained or loss avoided by the trading. The law also grants a private right of action against any person who violates the securities law by participating in insider trading or tipping. In other words, that person can be liable to any party who traded in the same securities “contemporaneously” with and on the opposite side of the market from the inside trader for, generally speaking, profit gained or loss avoided.

Beyond the potential civil and criminal penalties and administrative action described above, you should be aware that any actions in violation of this Trading Policy will be grounds for appropriate disciplinary action by Carpenter Technology, including dismissal.

In addition, Carpenter Technology may be subject to substantial civil or criminal penalties should it fail to take appropriate steps if it knew, or recklessly disregarded, circumstances indicating that an employee or director was likely to engage in unlawful insider trading.

### ***Some Key Definitions***

Information is “**material**” if its availability would likely affect the investment decision of a reasonable investor or would significantly alter the mix of information upon which a reasonable person would likely make decisions about a company or its securities. Information concerning a company’s sales, earnings, business potential, dividends, significant acquisitions or dispositions, mergers, proposed securities issuances or repurchases, and major contracts or litigation are typical examples of “material” information. For some other examples of material information, please see Appendix I.

Information is “**non-public**” if it is not generally available to the ordinary investor in the marketplace. Information is considered to have been made public on the third business morning following its disclosure (with the day of the disclosure counting as the first business day if the disclosure is made before the market opens) by an electronic public filing with the SEC, a press release distributed through a widely disseminated news or wire service, or an announcement through a press conference or conference call that members of the public may attend or listen to and of which the public had adequate notice.

***Without limiting the broader definition above, any information that is not available to an ordinary investor and could reasonably be expected to affect that investor’s trading decision is material non-public information.*** If you have any doubt as to whether information in your possession is material or non-public, you must not disclose that information or trade in the securities concerned without first discussing the situation with, and obtaining approval from, the Compliance Officer.

The term “*securities*” not only includes Carpenter Technology common stock and preferred stock, but also includes options, stock appreciation rights and any other securities that we may issue from time to time. It also includes any other securities that relate to or derive their value from our securities, whether or not issued by Carpenter Technology, such as exchange traded options.

The terms “*trade*” or “*transaction*” not only include any purchase or sale of securities in the stock market, they also include purchases and sales of securities pursuant to an investment direction under an employee benefit plan.

As used herein, the term “*business day*” or “*business morning*” shall mean a day on which the New York Stock Exchange is open for trading during any part of such day.

### ***Trading Window***

*As a general matter, trades in Carpenter Technology securities by the persons subject to this Trading Policy can only be made within the period that (i) begins on the third business morning following the first public release of quarterly or year-end earnings by Carpenter Technology, with the day of the release counting as the first business day if the release is completed before the market opens, and (ii) ends at the close of business twenty-one (21) business days before the next public release of quarterly or year-end earnings by Carpenter Technology (the “Trading Window”).* For example, if we release our earnings at any time before the market opens on a Thursday, persons subject to the Trading Window may trade, subject to the other terms and conditions of this Trading Policy, at any time beginning the following Monday morning. For ease of reference, an annual calendar of projected public release dates for quarterly or year-end earnings, first allowable trading dates and blackout periods is available upon request by contacting Michele Rapino at (610) 208-2102.

Even during a Trading Window, you may not trade in our securities if you are aware of material non-public information about Carpenter Technology. Moreover, if you are subject to our trading pre-clearance requirements described in “**Pre-Clearance of Trades**” below, you must pre-clear transactions in our securities with the Compliance Officer, even if they are made during a Trading Window.

In addition, because of the sensitivity of trading by our personnel who have access to financial information about Carpenter Technology while our financial statements are being prepared, no trading by such persons may occur during the period between the closing of the prior Trading Window and the release of our quarterly or year-end financial information, except as may be provided for in an approved pre-arranged Rule 10b5-1 Plan.

### ***Special Blackout Periods***

Carpenter Technology may, at any time, advise certain Carpenter Technology personnel (for instance, those working on a special project), that they may not trade in our securities, or the securities of another company, until notified otherwise, even though a Trading Window is otherwise open. When that happens, no trade may be made by the notified person. Furthermore, the notified persons may not advise any other person (other than those individuals who are subject to the blackout) of the existence of the special blackout period.

### ***Pre-Clearance of Transactions by Certain Persons***

Because of their access to confidential information on a regular basis, all directors and executive officers who are required to file reports under Section 16 of the Exchange Act, as well as all employees who report directly to the CEO, CFO or General Counsel (the “Restricted Group”), in addition to all restrictions addressed above, must personally obtain the approval of the Compliance Officer before completing any of the following activities involving our securities: (i) each trade (purchase or sale); (ii) any gift, contribution to a trust or similar event; or (iii) an option exercise or the adoption, modification, amendment or termination of a pre-arranged trading plan (however, after the applicable cooling-off period, transactions in an already-adopted trading plan are *not* subject to preclearance, as discussed below).

If, upon requesting approval or otherwise, the Restricted Group member is advised that the securities may not then be traded, that member may not buy or sell any such securities under any circumstance, nor may such member inform anyone of the restriction. This trading restriction will apply until such member receives subsequent clearance to trade.

The Compliance Officer also is subject to this Trading Policy. However, in lieu of obtaining the above approval, the Compliance Officer must notify either the CEO or the CFO before engaging in any such transaction.

### ***Section 16 Reporting by Directors and Executive Officers***

Members of the Restricted Group should promptly notify the Compliance Officer when they engage in any transaction in our securities, including transactions that take place during a Trading Window, or that were prospectively pre-cleared in accordance with this Trading Policy or that are excepted from certain provisions of this Trading Policy. The purpose of such notice is to help assure that all required reporting requirements are met. Restricted Group members are reminded of Section 16 of the Exchange Act, which prohibits directors and executive officers from purchasing and then selling, or selling and then purchasing, our securities within a six-month period and the reporting obligations imposed with respect to such “short swing” transactions.

Directors and executive officers generally must file appropriate forms with the SEC under Section 16 *within two business days* of each transaction in our securities. This means that multiple filings likely will be necessary if a transaction occurs over several days. Section 16 filers must ensure that these filings are made on a timely basis.

### ***Rule 144***

Rule 144 is designed to accomplish two primary objectives. First, it sets forth limitations on all sales of Carpenter Technology stock by “affiliates” of Carpenter Technology and certain other persons and entities with a special relationship to an affiliate. Second, it provides safe harbor procedures for affiliates and non-affiliates to sell shares of Carpenter Technology stock that are so-called “restricted stock” and thus would require registration under the 1933 Act before such shares could be sold by anyone.

Rule 144 defines an “affiliate” as a person who, directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, the issuer. Whether or not a person or entity is an “affiliate” is a question of fact dependent on all of the facts and circumstances, however, directors, officers and 10% shareholders of Carpenter Technology are almost always considered to fall within the definition of “affiliate.” In addition, for these purposes, a sale by an “affiliate” will include any sale by (i) a spouse or relative living in the same home as the affiliate, (ii) a trust or estate in which the affiliate and/or members of the affiliate’s family sharing the same home are trustees, executors or 10% beneficiaries, and (iii) any corporation, partnership or other entity in which the affiliate or his or her family owns a 10% interest.

In general, “restricted stock” under Rule 144 refers to shares of Carpenter Technology stock that were acquired from Carpenter Technology or an affiliate of Carpenter Technology in a transaction that was not registered with the SEC. Commonly, shares of stock that are acquired in a so-called “private placement” are considered “restricted stock.” However, in almost all cases, shares of Carpenter Technology stock issued under an employee benefit or compensation program will have been registered with the SEC and, accordingly, will not be considered “restricted stock.”

Failure to comply with the requirements of Rule 144 may trigger violations of various provisions of the 1933 Act which, among other things, may give a purchaser the right to rescind his purchase of common stock and sue for damages.

### **Rules for “Restricted Stock” Sales**

The sale by any person of shares of “restricted stock” of Carpenter Technology would, without an exemption, require registration under the 1933 Act. Rule 144 provides a safe harbor exemption from such 1933 Act registration for both affiliates and non-affiliates. However, because affiliates must satisfy other requirements, we will discuss sales of restricted stock by them separately in the next section.

Sales of restricted stock by a non-affiliate must meet the following requirements:

- Holding Period. Shares of restricted stock must be held by the non-affiliate for at least six months before they can be sold.
- Current Public Information. If the sale by the non-affiliate takes place before the first anniversary of the date that he or she acquired the restricted stock, there must be current public information available about Carpenter Technology. This requirement should pose no obstacle if Carpenter Technology is current in the filing of its periodic reports (e.g., 10-Ks, 10-Qs and 8-Ks) under the 1934 Act.

### **Special Rules for Any Sales by Affiliates**

The sale by an affiliate of any shares of Carpenter Technology stock would (regardless of whether the shares are “restricted stock”), without an exemption, require registration under the 1933 Act. Rule 144 provides a safe harbor exemption from such 1933 Act registration if a sale by an affiliate meets the following requirements:

- Limitations on the Volume of Sales. The number of shares sold by the affiliate within any three-month period cannot exceed the greater of (i) 1% of Carpenter Technology’s total outstanding shares or (ii) the average weekly trading volume during the four calendar weeks preceding the date on which the Form 144 (see below) is filed (or if no Form 144 is filed, the date before the date the broker receives the affiliate’s order to sell the stock). The three-month period “rolls”, which means that it must always be recalculated each month.
- Current Public Information. There must be current public information available about Carpenter Technology. This requirement should pose no obstacle if Carpenter Technology is current in the filing of its periodic reports (e.g., 10-Ks, 10-Qs and 8-Ks) under the 1934 Act.
- Manner of Sale. All sales must be made in one of three ways: (i) through a broker, (ii) directly with a market maker or (iii) in so-called “riskless principal” transactions.
- Form 144. The affiliate must file with the SEC a notice of sale on Form 144, if the aggregate shares sold during any three-month period exceed 5,000 shares or \$50,000 in aggregate sales price (again, the three-month period “rolls”). Form 144 must be filed at the time of placing the order to sell. A copy of Form 144 can usually be obtained from the broker effecting the sale or from the General Counsel’s office.

If the shares of Carpenter Technology stock to be sold by an affiliate are “restricted stock,” then the affiliate must also have held the shares of restricted stock for at least six months before they are sold, as discussed in the prior section.

### ***Pre-Arranged Trading Plans***

Rule 10b5-1 under the Exchange Act permits trades to be made on behalf of a person even while the person is aware of material non-public information if, and only if, all such trades are made pursuant to a pre-arranged contract, instruction or written trading plan made at a time when the person was not in possession of such information.

Rule 10b5-1 provides defenses to insider trading liability. In order to be eligible to rely on the defenses under Rule 10b5-1, a person subject to this Trading Policy must enter into a Rule 10b5-1 plan for transactions in the Company’s securities that meets certain conditions specified in Rule 10b5-1 (a “Rule 10b5-1 Plan”). If a plan meets the requirements of Rule 10b5-1, and is thus a Rule 10b5-1 Plan, securities of the Company may be purchased or sold within such plan without regard to certain insider trading restrictions.

Specific trades pursuant to such a Rule 10b5-1 Plan are *not* subject to mandatory preclearance by the Compliance Officer. However, any member of the Restricted Group must obtain the written pre-approval of the Compliance Officer prior to (i) adopting any new Rule 10b5-1 Plan, or (ii) modifying, amending or terminating any existing Rule 10b5-1 Plan.

Although specific trades pursuant to a Rule 10b5-1 Plan are not subject to insider trading liability or mandatory preclearance with the Compliance Officer, the following important protocols do apply:

- *Good Faith Certification.* All new Rule 10b5-1 Plans, and any amendments or modifications of an existing plan, must be entered into in good faith by the applicable person, and not as part of a plan or scheme to evade the prohibitions of Rule 10b-5, at a time when such person was not in possession of material non-public information about the Company. All persons subject to this section of the Trading Policy seeking to establish a new plan, or amend or modify an existing plan, will be required to provide a written representation to the Company certifying to that effect.
- *Cooling-off Period for Directors and Executive Officers.* New Rule 10b5-1 Plans submitted by a director or executive officer, and amendments or modifications to an existing plan, must provide for transactions to occur no earlier than the later of the date that is (i) ninety (90) days after the effective date of the new plan, or amendment or modification to an existing plan, and (ii) two business days following the disclosure by the Company of its financial results in a Quarterly Report on Form 10-Q or Annual Report on Form 10-K covering the fiscal quarter in which the plan was adopted, amended or modified, *provided* that this mandatory cooling-off period shall not exceed one hundred twenty (120) days after adoption of the new plan, or amendment or modification to an existing plan.
- *Cooling-off Period for All Other Persons.* New Rule 10b5-1 Plans adopted by any person subject to this Trading Policy, other than directors and executive officers, and amendments or modifications to an existing plan by such persons, must provide for transactions to occur no earlier than thirty (30) days after the effective date of the new plan, or amendment or modification to an existing plan.
- *Discretionary Authority.* All new plans, and any modifications or amendments to an existing plan, must give a third party the discretionary authority to execute purchases and sales under the plan, on behalf of but outside the control of the person subject to this Trading Policy, provided the third party does not possess any material non-public information about the Company. Alternatively, the plan must explicitly specify the security or securities to be purchased or sold, the number of shares, the prices and/or dates of transactions, or other formula(s) describing such transactions.
- *Overlapping Plans.* No person subject to this Trading Policy may maintain more than one active plan at the same time, without the pre-approval of the Compliance Officer. Multiple overlapping plans may be approved by the Compliance Officer in limited circumstances as permitted under Rule 10b5-1. This restriction on multiple overlapping plans will not apply to a plan adopted solely and exclusively for the purpose of selling Company securities to satisfy a person's tax obligations through a "sell-to-cover" method in connection with the vesting of equity awards ("Sell-to-Cover Plans"). Sales under Sell-to-Cover Plans must be strictly limited to the number of securities needed to cover such person's tax obligations and the award holder may not be permitted to exercise control over the timing of such sales. This exemption does not apply to plans for sales incident to the exercise of option awards.

- *Single-Trade Plans.* Only one “single-trade plan” may be utilized by a person subject to this Trading Policy in any twelve-month period. A single-trade plan is a Rule 10b5-1 Plan for the open market purchase or sale of the total amount of the securities subject to the plan as a single transaction. This restriction does not apply to Sell-to-Cover Plans.
- Trades pursuant to a Rule 10b5-1 Plan are still subject to Rule 144 and Section 16, including mandatory two-business day reporting on Form 4.

An 8-K filing will be completed for Rule 10b5-1 Plan adoptions, amendments and terminations for Section 16 officers.

The Company may designate, from time to time, additional transactions as being excepted from this Trading Policy.

### ***Prohibition Against Hedging and Pledging Company Stock***

No member of the Restricted Group shall hedge their ownership of Carpenter Technology stock, including short sales (a sale of securities that are not then owned) of Carpenter Technology securities, “a sale against the box” (a sale with delayed delivery of the Carpenter Technology securities) and the purchase of financial instruments (i.e., prepaid variable forward contracts, collars, equity swaps and exchange funds) that are designed to hedge or offset any decrease in the market value of the Company’s stock. In addition, no member of the Restricted Group may trade in “puts” or “calls” (publicly-traded options to sell or buy stock) in our securities or pledge Company stock for a loan using the Company stock as the collateral for such a loan.

### ***Trading in the Securities of Other Companies***

While this Trading Policy prohibits trading in Carpenter Technology securities when you are aware of material non-public information about Carpenter Technology, it also prohibits trading in securities of any other company about whom you learn material non-public information in the course of performing your duties for Carpenter Technology at any time when you have material non-public information about such other company or have material non-public information that could affect the share price of such other company.

## **CERTIFICATIONS**

All employees and directors must certify to the Company their understanding of, prior compliance with, and intent to comply in the future with these Policies. The form of such certification appears as Appendix II. If and when provided to you for execution, you must complete and sign the certification as instructed. At any time, a copy for execution may be obtained from the Compliance Officer.

Our directors, executive officers and certain other key employees may be subject to additional or special restrictions on their transactions in our securities, and those may be communicated through a separate document. An enhanced form of certification may be used for such persons in lieu of or in addition to the form attached as Appendix II hereto.

## APPENDIX I

### Examples of Inside Information

“Inside information” is material non-public information, which means information that would likely affect the investment decision of a reasonable investor, or significantly alter the mix of information upon which a reasonable person would likely make decisions about the Company or Company’s securities. Materiality can be a difficult determination, depending largely on the facts and circumstances of each situation. **Therefore, if there is any question as to whether certain information is material, it should be reported to the Compliance Officer or the Information Officer.** The ultimate decision as to whether or not information is material shall be made by the Information Officer, not by individual departments, operating groups or personnel.

By way of example, the following list sets forth types of information that are generally regarded as material and should be reported. They are not, however, the only items that could constitute material information.

- i. financial results or projections;
- ii. changes in financial condition or asset value;
- iii. negotiations for the acquisition or disposition of significant assets;
- iv. capital investment plans and changes in such plans;
- v. material litigation, administrative actions or governmental investigations concerning the Company or any of its officers or directors;
- vi. major financings or borrowings;
- vii. significant personnel changes;
- viii. entering into significant contracts with new or existing customers;
- ix. material changes in development or implementation schedules for a significant project or initiative;
- x. changes in accounting methods and write-offs; and
- xi. any substantial change in industry circumstances or competitive conditions that could significantly affect the Company’s earnings or prospects for growth or expansion.

**Pending review by the Information Officer of information reported to him or her, no employee shall discuss or disclose such information with or to any other employee or outside contact, unless such individual has a clear right and need to know such information in order to fulfill job responsibilities.** Under no circumstances should any employee discuss such information with family, relatives or business or social acquaintances.

**APPENDIX II**

**CARPENTER TECHNOLOGY CORPORATION**

**Inside Information Disclosure  
and Securities Trading Certification**

I hereby certify that:

1. I have read and understand the Carpenter Technology Corporation (the “Company”) Insider Trading Policies and Procedures, dated September 2023 (the “Insider Trading Policies”). I understand that the Company’s Compliance Officer is available to answer any questions I have regarding the Insider Trading Policies.
2. Since September 2023, or such shorter period of time that I have been an employee or director of the Company, I have complied with the Insider Trading Policies as applicable to me.
3. I will continue to comply with the Insider Trading Policies for as long as I am subject to the Insider Trading Policies.

SUBSIDIARY LIST

Doing Business As	Jurisdiction
Carpenter Technology Europe S.A.	Belgium
Dynamet Incorporated	Delaware
Latrobe Specialty Metals Company, LLC	Delaware

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (Nos. 2-83780, 2-81019, 33-42536, 33-54045, 33-65077, 333-40991, 333-55667, 333-55669, 333-57774, 333-147057, 333-147059, 333-173830, 333-182155, 333-182156, 333-186361, 333-214151, 333-236169, 333-252581 and 333-268031) and on Form S-3 (Nos. 333-182121 and 333-214152) of Carpenter Technology Corporation of our report dated August 13, 2024, relating to the financial statements, financial statement schedule and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP  
Philadelphia, Pennsylvania  
August 13, 2024

**CARPENTER TECHNOLOGY CORPORATION**

**POWER OF ATTORNEY**

KNOW ALL PERSONS BY THESE PRESENTS that the undersigned, in his or her capacity as a Director of Carpenter Technology Corporation, hereby appoints James D. Dee and Timothy Lain, or either of them, his or her true and lawful attorneys to execute in his name, place and stead, in his or her capacity as Director of the Company, the Annual Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 on Form 10-K, for the fiscal year ended June 30, 2024, of said Company, and any and all amendments to said Annual Report and all instruments necessary or incidental in connection therewith and to file them with the Securities and Exchange Commission. The attorneys shall individually have full power and authority to do and perform in the name and on behalf of the undersigned, in any and all capacities, every act whatsoever requisite or desirable to be done in the exercise of any of the rights and powers herein granted, as fully and to all intents and purposes as the undersigned might or could do in person, the undersigned hereby ratifying and approving the acts of said attorneys.

IN TESTIMONY WHEREOF, the undersigned has voluntarily executed this instrument this 13th day of August 2024.

/s/ Viola L. Acoff  
Viola L. Acoff  
Director

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**CARPENTER TECHNOLOGY CORPORATION**

**POWER OF ATTORNEY**

KNOW ALL PERSONS BY THESE PRESENTS that the undersigned, in his or her capacity as a Director of Carpenter Technology Corporation, hereby appoints James D. Dee and Timothy Lain, or either of them, his or her true and lawful attorneys to execute in his name, place and stead, in his or her capacity as Director of the Company, the Annual Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 on Form 10-K, for the fiscal year ended June 30, 2024, of said Company, and any and all amendments to said Annual Report and all instruments necessary or incidental in connection therewith and to file them with the Securities and Exchange Commission. The attorneys shall individually have full power and authority to do and perform in the name and on behalf of the undersigned, in any and all capacities, every act whatsoever requisite or desirable to be done in the exercise of any of the rights and powers herein granted, as fully and to all intents and purposes as the undersigned might or could do in person, the undersigned hereby ratifying and approving the acts of said attorneys.

IN TESTIMONY WHEREOF, the undersigned has voluntarily executed this instrument this 13th day of August 2024.

/s/ A. John Hart

A. John Hart

Director

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**CARPENTER TECHNOLOGY CORPORATION**

**POWER OF ATTORNEY**

KNOW ALL PERSONS BY THESE PRESENTS that the undersigned, in his or her capacity as a Director of Carpenter Technology Corporation, hereby appoints James D. Dee and Timothy Lain, or either of them, his or her true and lawful attorneys to execute in his name, place and stead, in his or her capacity as Director of the Company, the Annual Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 on Form 10-K, for the fiscal year ended June 30, 2024, of said Company, and any and all amendments to said Annual Report and all instruments necessary or incidental in connection therewith and to file them with the Securities and Exchange Commission. The attorneys shall individually have full power and authority to do and perform in the name and on behalf of the undersigned, in any and all capacities, every act whatsoever requisite or desirable to be done in the exercise of any of the rights and powers herein granted, as fully and to all intents and purposes as the undersigned might or could do in person, the undersigned hereby ratifying and approving the acts of said attorneys.

IN TESTIMONY WHEREOF, the undersigned has voluntarily executed this instrument this 13th day of August 2024.

/s/ I. Martin Inglis

I. Martin Inglis

Director

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**CARPENTER TECHNOLOGY CORPORATION**

**POWER OF ATTORNEY**

KNOW ALL PERSONS BY THESE PRESENTS that the undersigned, in his or her capacity as a Director of Carpenter Technology Corporation, hereby appoints James D. Dee and Timothy Lain, or either of them, his or her true and lawful attorneys to execute in his name, place and stead, in his or her capacity as Director of the Company, the Annual Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 on Form 10-K, for the fiscal year ended June 30, 2024, of said Company, and any and all amendments to said Annual Report and all instruments necessary or incidental in connection therewith and to file them with the Securities and Exchange Commission. The attorneys shall individually have full power and authority to do and perform in the name and on behalf of the undersigned, in any and all capacities, every act whatsoever requisite or desirable to be done in the exercise of any of the rights and powers herein granted, as fully and to all intents and purposes as the undersigned might or could do in person, the undersigned hereby ratifying and approving the acts of said attorneys.

IN TESTIMONY WHEREOF, the undersigned has voluntarily executed this instrument this 13th day of August 2024.

/s/ Steven E. Karol  
Steven E. Karol  
Director

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**CARPENTER TECHNOLOGY CORPORATION**

**POWER OF ATTORNEY**

KNOW ALL PERSONS BY THESE PRESENTS that the undersigned, in his or her capacity as a Director of Carpenter Technology Corporation, hereby appoints James D. Dee and Timothy Lain, or either of them, his or her true and lawful attorneys to execute in his name, place and stead, in his or her capacity as Director of the Company, the Annual Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 on Form 10-K, for the fiscal year ended June 30, 2024, of said Company, and any and all amendments to said Annual Report and all instruments necessary or incidental in connection therewith and to file them with the Securities and Exchange Commission. The attorneys shall individually have full power and authority to do and perform in the name and on behalf of the undersigned, in any and all capacities, every act whatsoever requisite or desirable to be done in the exercise of any of the rights and powers herein granted, as fully and to all intents and purposes as the undersigned might or could do in person, the undersigned hereby ratifying and approving the acts of said attorneys.

IN TESTIMONY WHEREOF, the undersigned has voluntarily executed this instrument this 13th day of August 2024.

/s/ Kathleen Ligocki  
Kathleen Ligocki  
Director

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**CARPENTER TECHNOLOGY CORPORATION**

**POWER OF ATTORNEY**

KNOW ALL PERSONS BY THESE PRESENTS that the undersigned, in his or her capacity as a Director of Carpenter Technology Corporation, hereby appoints James D. Dee and Timothy Lain, or either of them, his or her true and lawful attorneys to execute in his name, place and stead, in his or her capacity as Director of the Company, the Annual Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 on Form 10-K, for the fiscal year ended June 30, 2024, of said Company, and any and all amendments to said Annual Report and all instruments necessary or incidental in connection therewith and to file them with the Securities and Exchange Commission. The attorneys shall individually have full power and authority to do and perform in the name and on behalf of the undersigned, in any and all capacities, every act whatsoever requisite or desirable to be done in the exercise of any of the rights and powers herein granted, as fully and to all intents and purposes as the undersigned might or could do in person, the undersigned hereby ratifying and approving the acts of said attorneys.

IN TESTIMONY WHEREOF, the undersigned has voluntarily executed this instrument this 13th day of August 2024.

/s/ Charles McLane, Jr.

Charles McLane, Jr.

Director

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**CARPENTER TECHNOLOGY CORPORATION**

**POWER OF ATTORNEY**

KNOW ALL PERSONS BY THESE PRESENTS that the undersigned, in his or her capacity as a Director of Carpenter Technology Corporation, hereby appoints James D. Dee and Timothy Lain, or either of them, his or her true and lawful attorneys to execute in his name, place and stead, in his or her capacity as Director of the Company, the Annual Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 on Form 10-K, for the fiscal year ended June 30, 2024, of said Company, and any and all amendments to said Annual Report and all instruments necessary or incidental in connection therewith and to file them with the Securities and Exchange Commission. The attorneys shall individually have full power and authority to do and perform in the name and on behalf of the undersigned, in any and all capacities, every act whatsoever requisite or desirable to be done in the exercise of any of the rights and powers herein granted, as fully and to all intents and purposes as the undersigned might or could do in person, the undersigned hereby ratifying and approving the acts of said attorneys.

IN TESTIMONY WHEREOF, the undersigned has voluntarily executed this instrument this 13th day of August 2024.

/s/ Colleen Pritchett

Colleen Pritchett

Director

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**CARPENTER TECHNOLOGY CORPORATION**

**POWER OF ATTORNEY**

KNOW ALL PERSONS BY THESE PRESENTS that the undersigned, in his or her capacity as a Director of Carpenter Technology Corporation, hereby appoints James D. Dee and Timothy Lain, or either of them, his or her true and lawful attorneys to execute in his name, place and stead, in his or her capacity as Director of the Company, the Annual Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 on Form 10-K, for the fiscal year ended June 30, 2024, of said Company, and any and all amendments to said Annual Report and all instruments necessary or incidental in connection therewith and to file them with the Securities and Exchange Commission. The attorneys shall individually have full power and authority to do and perform in the name and on behalf of the undersigned, in any and all capacities, every act whatsoever requisite or desirable to be done in the exercise of any of the rights and powers herein granted, as fully and to all intents and purposes as the undersigned might or could do in person, the undersigned hereby ratifying and approving the acts of said attorneys.

IN TESTIMONY WHEREOF, the undersigned has voluntarily executed this instrument this 13th day of August 2024.

/s/ Stephen M. Ward, Jr.

Stephen M. Ward, Jr.

Director

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**CARPENTER TECHNOLOGY CORPORATION**

**POWER OF ATTORNEY**

KNOW ALL PERSONS BY THESE PRESENTS that the undersigned, in his or her capacity as a Director of Carpenter Technology Corporation, hereby appoints James D. Dee and Timothy Lain, or either of them, his or her true and lawful attorneys to execute in his name, place and stead, in his or her capacity as Director of the Company, the Annual Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 on Form 10-K, for the fiscal year ended June 30, 2024, of said Company, and any and all amendments to said Annual Report and all instruments necessary or incidental in connection therewith and to file them with the Securities and Exchange Commission. The attorneys shall individually have full power and authority to do and perform in the name and on behalf of the undersigned, in any and all capacities, every act whatsoever requisite or desirable to be done in the exercise of any of the rights and powers herein granted, as fully and to all intents and purposes as the undersigned might or could do in person, the undersigned hereby ratifying and approving the acts of said attorneys.

IN TESTIMONY WHEREOF, the undersigned has voluntarily executed this instrument this 13th day of August 2024.

/s/ Ramin Younessi

Ramin Younessi

Director

**CERTIFICATIONS OF PERIODIC REPORTS PURSUANT TO  
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Tony R. Thene, certify that:

1. I have reviewed this Annual Report on Form 10-K (the "Report") of the Registrant;
2. Based on my knowledge, this Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Report;
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: August 13, 2024

/s/ Tony R. Thene

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Tony R. Thene

President and Chief Executive Officer

**CERTIFICATIONS OF PERIODIC REPORTS PURSUANT TO  
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Timothy Lain, certify that:

1. I have reviewed this Annual Report on Form 10-K (the "Report") of the Registrant;
2. Based on my knowledge, this Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Report;
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: August 13, 2024

/s/ Timothy Lain

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Timothy Lain

Senior Vice President and Chief Financial Officer

CERTIFICATION OF PERIODIC FINANCIAL REPORTS 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 Carpenter Technology Corporation (the “Issuer”) on Form 10-K for the fiscal year ended June 30, 2024, as filed with the Securities and Exchange Commission on the date hereof (the “Periodic Report”), I, Tony R. Thene, and I, Timothy Lain, each hereby certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Periodic Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and that information contained in the Periodic Report fairly presents, in all material respects, the financial condition and results of operations of the Issuer.

Date: August 13, 2024

/s/ Tony R. Thene

\_\_\_\_\_  
Tony R. Thene  
President and Chief Executive Officer

/s/ Timothy Lain

\_\_\_\_\_  
Timothy Lain  
Senior Vice President and Chief Financial Officer

**CARPENTER TECHNOLOGY CORPORATION**  
**CLAWBACK POLICY FOR EXECUTIVE OFFICERS**

The Human Capital Management Committee (the “Committee”) of the Board of Directors (the “Board”) of Carpenter Technology Corporation (the “Company”) has adopted the following Carpenter Technology Corporation Clawback Policy for Executive Officers (this “Policy”) on August 7, 2023, effective as of October 2, 2023 (the “Effective Date”).

**1. Purpose.** The purpose of this Policy is to provide for the recoupment of certain incentive compensation pursuant to Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, in the manner required by Section 10D of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), Rule 10D-1 promulgated thereunder, and the Applicable Listing Standards (as defined below) (collectively, the “Dodd-Frank Rules”). This Policy replaces and supersedes the Carpenter Technology Corporation Clawback Policy effective as of July 18, 2018, with respect to all Incentive-Based Compensation Received on or after the Effective Date by a Covered Executive (as such terms are defined below).

**2. Administration.** This Policy shall be administered by the Committee. Any determinations made by the Committee shall be final and binding on all affected individuals.

**3. Definitions.** For purposes of this Policy, the following capitalized terms shall have the meanings set forth below.

(a) “**Accounting Restatement**” shall mean an accounting restatement of the Company’s financial statements due to the material noncompliance of the Company with any financial reporting requirement under the securities laws, including any required accounting restatement (i) to correct an error in previously issued financial statements that is material to the previously issued financial statements (*i.e.*, a “Big R” restatement), or (ii) that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period (*i.e.*, a “little r” restatement).

(b) “**Affiliate**” shall mean each entity that directly or indirectly controls, is controlled by, or is under common control with the Company.

(c) “**Applicable Exchange**” shall mean (i) The Nasdaq Stock Market, if the Company’s securities are listed on such national stock exchange, or (ii) the New York Stock Exchange, if the Company’s securities are listed on such national stock exchange.

(d) “**Applicable Listing Standards**” shall mean (i) Nasdaq Listing Rule 5608, if the Company’s securities are listed on The Nasdaq Stock Market, or (ii) Section 303A.14 of the New York Stock Exchange Listed Company Manual, if the Company’s securities are listed on the New York Stock Exchange.

(e) “**Clawback Eligible Incentive Compensation**” shall mean Incentive-Based Compensation Received by a Covered Executive (i) on or after the Effective Date, (ii) after beginning service as a Covered Executive, (iii) if such individual served as a Covered Executive at any time during the performance period for such Incentive-Based Compensation (irrespective of whether such individual continued to serve as a Covered Executive upon or following the Restatement Trigger Date), (iv) while

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the Company has a class of securities listed on a national securities exchange or a national securities association, and (v) during the applicable Clawback Period. For the avoidance of doubt, Incentive-Based Compensation Received by a Covered Executive on or after the Effective Date could, by the terms of this Policy, include amounts approved, awarded, or granted prior to such date.

(f) “**Clawback Period**” shall mean, with respect to any Accounting Restatement, the three completed fiscal years of the Company immediately preceding the Restatement Trigger Date and any transition period (that results from a change in the Company’s fiscal year) within or immediately following those three completed fiscal years (except that a transition period between the last day of the Company’s previous fiscal year end and the first day of its new fiscal year that comprises a period of at least nine months shall count as a completed fiscal year).

(g) “**Company Group**” shall mean the Company and its Affiliates.

(h) “**Covered Executive**” shall mean any “executive officer” of the Company as defined under the Dodd-Frank Rules, and, for the avoidance of doubt, includes each individual identified as an executive officer of the Company in accordance with Item 401(b) of Regulation S-K under the Exchange Act.

(i) “**Erroneously Awarded Compensation**” shall mean the amount of Clawback Eligible Incentive Compensation that exceeds the amount of Incentive-Based Compensation that otherwise would have been Received had it been determined based on the restated amounts, computed without regard to any taxes paid. With respect to any compensation plan or program that takes into account Incentive-Based Compensation, the amount contributed to a notional account that exceeds the amount that otherwise would have been contributed had it been determined based on the restated amount, computed without regard to any taxes paid, shall be considered Erroneously Awarded Compensation, along with earnings accrued on that notional amount.

(j) “**Financial Reporting Measures**” shall mean measures that are determined and presented in accordance with the accounting principles used in preparing the Company’s financial statements, and all other measures that are derived wholly or in part from such measures. Stock price and total shareholder return (and any measures that are derived wholly or in part from stock price or total shareholder return) shall for purposes of this Policy be considered Financial Reporting Measures. For the avoidance of doubt, a measure need not be presented in the Company’s financial statements or included in a filing with the U.S. Securities and Exchange Commission (the “SEC”) in order to be considered a Financial Reporting Measure.

(k) “**Incentive-Based Compensation**” shall mean any compensation that is granted, earned or vested based wholly or in part upon the attainment of a Financial Reporting Measure.

(l) “**Received**” shall mean the deemed receipt of Incentive-Based Compensation. Incentive-Based Compensation shall be deemed received for this purpose in the Company’s fiscal period during which the Financial Reporting Measure specified in the applicable Incentive-Based Compensation award is attained, even if payment or grant of the Incentive-Based Compensation occurs after the end of that period.

(m) “**Restatement Trigger Date**” shall mean the earlier to occur of (i) the date the Board, a committee of the Board, or the officer(s) of the Company authorized to take such action if Board action is not required, concludes, or reasonably should have concluded, that the Company is required to prepare

an Accounting Restatement, or (ii) the date a court, regulator or other legally authorized body directs the Company to prepare an Accounting Restatement.

4. **Recoupment of Erroneously Awarded Compensation.** Upon the occurrence of a Restatement Trigger Date, the Company shall recoup Erroneously Awarded Compensation reasonably promptly, in the manner described below. For the avoidance of doubt, the Company's obligation to recover Erroneously Awarded Compensation under this Policy is not dependent on if or when restated financial statements are filed following the Restatement Trigger Date.

(a) **Process.** The Committee shall use the following process for recoupment:

(i) First, the Committee will determine the amount of any Erroneously Awarded Compensation for each Covered Executive in connection with such Accounting Restatement. For Incentive-Based Compensation based on (or derived from) stock price or total shareholder return where the amount of Erroneously Awarded Compensation is not subject to mathematical recalculation directly from the information in the applicable Accounting Restatement, the amount shall be determined by the Committee based on a reasonable estimate of the effect of the Accounting Restatement on the stock price or total shareholder return upon which the Incentive-Based Compensation was Received (in which case, the Company shall maintain documentation of such determination of that reasonable estimate and provide such documentation to the Applicable Exchange).

(ii) Second, the Committee will provide each affected Covered Executive with a written notice stating the amount of the Erroneously Awarded Compensation, a demand for recoupment, and the means of recoupment that the Company will accept.

(b) **Means of Recoupment.** The Committee shall have discretion to determine the appropriate means of recoupment of Erroneously Awarded Compensation, which may include without limitation: (i) recoupment of cash or shares of Company stock, (ii) forfeiture of unvested cash or equity awards (including those subject to service-based and/or performance-based vesting conditions), (iii) cancellation of outstanding vested cash or equity awards (including those for which service-based and/or performance-based vesting conditions have been satisfied), (iv) to the extent consistent with Section 409A of the Internal Revenue Code of 1986, as amended ("Section 409A"), offset of other amounts owed to the Covered Executive or forfeiture of deferred compensation, (v) reduction of future compensation, and (vi) any other remedial or recovery action permitted by law. Notwithstanding the foregoing, the Company Group makes no guarantee as to the treatment of such amounts under Section 409A, and shall have no liability with respect thereto. For the avoidance of doubt, appropriate means of recoupment may include amounts approved, awarded, or granted prior to the Effective Date. Except as set forth in Section 4(d) below, in no event may the Company Group accept an amount that is less than the amount of Erroneously Awarded Compensation in satisfaction of a Covered Executive's obligations hereunder.

(c) **Failure to Repay.** To the extent that a Covered Executive fails to repay all Erroneously Awarded Compensation to the Company Group when due (as determined in accordance with Section 4(a) above), the Company shall, or shall cause one or more other members of the Company Group to, take all actions reasonable and appropriate to recoup such Erroneously Awarded Compensation from the applicable Covered Executive. The applicable Covered Executive shall be required to reimburse the Company Group for any and all expenses reasonably incurred (including legal fees) by the Company Group in recouping such Erroneously Awarded Compensation.

(d) **Exceptions.** Notwithstanding anything herein to the contrary, the Company shall not be required to recoup Erroneously Awarded Compensation if one of the following conditions is met and the Committee determines that recoupment would be impracticable:

(i) The direct expense paid to a third party to assist in enforcing this Policy against a Covered Executive would exceed the amount to be recouped, after the Company has made a reasonable attempt to recoup the applicable Erroneously Awarded Compensation, documented such attempts, and provided such documentation to the Applicable Exchange;

(ii) Recoupment would violate home country law where that law was adopted prior to November 28, 2022, provided that, before determining that it would be impracticable to recoup any amount of Erroneously Awarded Compensation based on violation of home country law, the Company has obtained an opinion of home country counsel, acceptable to the Applicable Exchange, that recoupment would result in such a violation and a copy of the opinion is provided to the Applicable Exchange; or

(iii) Recoupment would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees, to fail to meet the requirements of 26 U.S.C. 401(a)(13) or 26 U.S.C. 411(a) and regulations thereunder.

**5. Reporting and Disclosure.** The Company shall file all disclosures with respect to this Policy in accordance with the requirements of the Dodd-Frank Rules.

**6. Indemnification Prohibition.** No member of the Company Group shall be permitted to indemnify any current or former Covered Executive against (i) the loss of any Erroneously Awarded Compensation that is recouped pursuant to the terms of this Policy, or (ii) any claims relating to the Company Group's enforcement of its rights under this Policy. The Company may not pay or reimburse any Covered Executive for the cost of third-party insurance purchased by a Covered Executive to fund potential recoupment obligations under this Policy.

**7. Acknowledgment.** To the extent required by the Committee, each Covered Executive shall be required to sign and return to the Company the acknowledgement form attached hereto as Attachment A pursuant to which such Covered Executive will agree to be bound by the terms of, and comply with, this Policy. For the avoidance of doubt, each Covered Executive will be fully bound by, and must comply with, the Policy, whether or not such Covered Executive has executed and returned such acknowledgment form to the Company.

**8. Interpretation.** The Committee is authorized to interpret and construe this Policy and to make all determinations necessary, appropriate, or advisable for the administration of this Policy. The Committee intends that this Policy be interpreted consistent with the Dodd-Frank Rules.

**9. Amendment; Termination.** The Committee may amend or terminate this Policy from time to time in its discretion, including as and when it determines that it is legally required to do so by any federal securities laws, SEC rule or the rules of any national securities exchange or national securities association on which the Company's securities are listed.

**10. Other Recoupment Rights.** The Committee intends that this Policy be applied to the fullest extent of the law. The Committee may require that any employment agreement, equity award, cash incentive award, or any other agreement entered into be conditioned upon the Covered Executive's

agreement to abide by the terms of this Policy. Any right of recoupment under this Policy is in addition to, and not in lieu of, any other remedies or rights of recoupment that may be available to the Company Group, whether arising under applicable law, regulation or rule, pursuant to the terms of any other policy of the Company Group, pursuant to any employment agreement, equity award, cash incentive award, or other agreement applicable to a Covered Executive, or otherwise (the “Separate Clawback Rights”). Notwithstanding the foregoing, there shall be no duplication of recovery of the same Erroneously Awarded Compensation under this Policy and the Separate Clawback Rights, unless required by applicable law.

11. **Successors.** This Policy shall be binding and enforceable against all Covered Executives and their beneficiaries, heirs, executors, administrators or other legal representatives.

**Attachment A**

**CARPENTER TECHNOLOGY CORPORATION  
CLAWBACK POLICY FOR EXECUTIVE OFFICERS  
ACKNOWLEDGEMENT FORM**

By signing below, the undersigned acknowledges and confirms that the undersigned has received and reviewed a copy of the Carpenter Technology Corporation Clawback Policy for Executive Officers (the “*Policy*”). Capitalized terms used but not otherwise defined in this Acknowledgement Form (this “*Acknowledgement Form*”) shall have the meanings ascribed to such terms in the Policy.

By signing this Acknowledgement Form, the undersigned acknowledges and agrees that the undersigned is and will continue to be subject to the Policy and that the Policy will apply both during and after the undersigned’s employment with the Company Group. Further, by signing below, the undersigned agrees to abide by the terms of the Policy, including, without limitation, by returning any Erroneously Awarded Compensation to the Company Group reasonably promptly to the extent required by, and in a manner permitted by, the Policy, as determined by the Human Capital Management Committee of the Company’s Board of Directors in its sole discretion.

Sign: \_\_\_\_\_

Name: [Employee]

Date: \_\_\_\_\_