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

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**Form 10-Q**

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(Mark One)

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

**For the quarterly period ended September 28, 2019**

**OR**

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

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

**Commission File Number 1-5480**

**Textron Inc.**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of incorporation or organization)

**05-0315468**

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

**40 Westminister Street, Providence, RI**

(Address of principal executive offices)

**02903**

(Zip code)

**(401) 421-2800**

(Registrant's telephone number, including area code)

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

<u>Title of each class</u>	<u>Trading Symbol (s)</u>	<u>Name of each exchange on which registered</u>
Common stock, \$0.125 par value	TXT	New York Stock Exchange (NYSE)

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

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

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

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

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

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

As of October 11, 2019, there were 228,262,751 shares of common stock outstanding.

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**TEXTRON INC.**  
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**For the Quarterly Period Ended September 28, 2019**

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**PART I. FINANCIAL INFORMATION****Item 1. Financial Statements****TEXTRON INC.  
Consolidated Statements of Operations (Unaudited)**

<i>(In millions, except per share amounts)</i>	<b>Three Months Ended</b>		<b>Nine Months Ended</b>	
	<b>September 28, 2019</b>	<b>September 29, 2018</b>	<b>September 28, 2019</b>	<b>September 29, 2018</b>
<b>Revenues</b>				
Manufacturing revenues	\$ 3,245	\$ 3,185	\$ 9,548	\$ 10,174
Finance revenues	14	15	47	48
Total revenues	3,259	3,200	9,595	10,222
<b>Costs, expenses and other</b>				
Cost of sales	2,747	2,687	7,965	8,489
Selling and administrative expense	255	307	854	1,004
Interest expense	44	41	129	124
Non-service components of pension and post-retirement income, net	(28)	(19)	(85)	(57)
Gain on business disposition	—	(444)	—	(444)
Total costs, expenses and other	3,018	2,572	8,863	9,116
Income before income taxes	241	628	732	1,106
Income tax expense	21	65	116	130
<b>Net income</b>	<b>\$ 220</b>	<b>\$ 563</b>	<b>\$ 616</b>	<b>\$ 976</b>
<b>Earnings per share</b>				
Basic	\$ 0.96	\$ 2.29	\$ 2.65	\$ 3.85
Diluted	\$ 0.95	\$ 2.26	\$ 2.64	\$ 3.80

See Notes to the Consolidated Financial Statements.

**TEXTRON INC.**  
**Consolidated Statements of Comprehensive Income (Unaudited)**

<i>(In millions)</i>	Three Months Ended		Nine Months Ended	
	September 28, 2019	September 29, 2018	September 28, 2019	September 29, 2018
<b>Net income</b>	\$ 220	\$ 563	\$ 616	\$ 976
Other comprehensive income (loss), net of taxes:				
Pension and postretirement benefits adjustments, net of reclassifications	20	38	61	100
Foreign currency translation adjustments, net of reclassifications	(34)	7	(30)	(20)
Deferred gains (losses) on hedge contracts, net of reclassifications	—	1	2	(2)
Other comprehensive income (loss)	(14)	46	33	78
<b>Comprehensive income</b>	<b>\$ 206</b>	<b>\$ 609</b>	<b>\$ 649</b>	<b>\$ 1,054</b>

See Notes to the Consolidated Financial Statements.

**TEXTRON INC.**  
**Consolidated Balance Sheets (Unaudited)**

<i>(Dollars in millions)</i>	<b>September 28, 2019</b>	<b>December 29, 2018</b>
<b>Assets</b>		
<b>Manufacturing group</b>		
Cash and equivalents	\$ 931	\$ 987
Accounts receivable, net	1,018	1,024
Inventories	4,436	3,818
Other current assets	856	785
<b>Total current assets</b>	<b>7,241</b>	<b>6,614</b>
Property, plant and equipment, less accumulated depreciation and amortization of \$4,371 and \$4,203, respectively	2,497	2,615
Goodwill	2,142	2,218
Other assets	2,225	1,800
<b>Total Manufacturing group assets</b>	<b>14,105</b>	<b>13,247</b>
<b>Finance group</b>		
Cash and equivalents	122	120
Finance receivables, net	730	760
Other assets	105	137
<b>Total Finance group assets</b>	<b>957</b>	<b>1,017</b>
<b>Total assets</b>	<b>\$ 15,062</b>	<b>\$ 14,264</b>
<b>Liabilities and shareholders' equity</b>		
<b>Liabilities</b>		
<b>Manufacturing group</b>		
Short-term debt and current portion of long-term debt	\$ 568	\$ 258
Accounts payable	1,226	1,099
Other current liabilities	1,972	2,149
<b>Total current liabilities</b>	<b>3,766</b>	<b>3,506</b>
Other liabilities	2,130	1,932
Long-term debt	2,909	2,808
<b>Total Manufacturing group liabilities</b>	<b>8,805</b>	<b>8,246</b>
<b>Finance group</b>		
Other liabilities	110	108
Debt	695	718
<b>Total Finance group liabilities</b>	<b>805</b>	<b>826</b>
<b>Total liabilities</b>	<b>9,610</b>	<b>9,072</b>
<b>Shareholders' equity</b>		
Common stock	30	30
Capital surplus	1,741	1,646
Treasury stock	(599)	(129)
Retained earnings	6,009	5,407
Accumulated other comprehensive loss	(1,729)	(1,762)
<b>Total shareholders' equity</b>	<b>5,452</b>	<b>5,192</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 15,062</b>	<b>\$ 14,264</b>
<b>Common shares outstanding (in thousands)</b>	<b>228,235</b>	<b>235,621</b>

See Notes to the Consolidated Financial Statements.

**TEXTRON INC.**  
**Consolidated Statements of Cash Flows (Unaudited)**  
For the Nine Months Ended September 28, 2019 and September 29, 2018, respectively

<i>(In millions)</i>	<b>Consolidated</b>	
	<b>2019</b>	<b>2018</b>
<b>Cash flows from operating activities</b>		
Net income	\$ 616	\$ 976
Adjustments to reconcile net income to net cash provided by operating activities:		
Non-cash items:		
Depreciation and amortization	302	322
Deferred income taxes	85	25
Gain on business disposition	—	(444)
Other, net	61	88
Changes in assets and liabilities:		
Accounts receivable, net	(7)	56
Inventories	(652)	(190)
Other assets	27	(28)
Accounts payable	134	(68)
Other liabilities	(251)	(80)
Income taxes, net	(70)	44
Pension, net	(44)	(7)
Captive finance receivables, net	22	4
Other operating activities, net	2	(1)
Net cash provided by operating activities of continuing operations	225	697
Net cash used in operating activities of discontinued operations	(2)	(1)
Net cash provided by operating activities	223	696
<b>Cash flows from investing activities</b>		
Capital expenditures	(216)	(233)
Net proceeds from corporate-owned life insurance policies	4	98
Net proceeds from business disposition	—	807
Finance receivables repaid	20	25
Other investing activities, net	9	37
Net cash provided by (used in) investing activities	(183)	734
<b>Cash flows from financing activities</b>		
Increase in short-term debt	118	—
Proceeds from long-term debt	297	—
Principal payments on long-term debt and nonrecourse debt	(42)	(60)
Purchases of Textron common stock	(470)	(1,383)
Dividends paid	(9)	(15)
Other financing activities, net	18	68
Net cash used in financing activities	(88)	(1,390)
Effect of exchange rate changes on cash and equivalents	(6)	(9)
<b>Net increase (decrease) in cash and equivalents</b>	<b>(54)</b>	<b>31</b>
Cash and equivalents at beginning of period	1,107	1,262
Cash and equivalents at end of period	\$ 1,053	\$ 1,293

See Notes to the Consolidated Financial Statements.

**TEXTRON INC.**  
**Consolidated Statements of Cash Flows (Unaudited) (Continued)**  
For the Nine Months Ended September 28, 2019 and September 29, 2018, respectively

<i>(In millions)</i>	Manufacturing Group		Finance Group	
	2019	2018	2019	2018
<b>Cash flows from operating activities</b>				
Net income	\$ 603	\$ 959	\$ 13	\$ 17
Adjustments to reconcile net to net cash provided by operating activities:				
Non-cash items:				
Depreciation and amortization	297	316	5	6
Deferred income taxes	86	29	(1)	(4)
Gain on business disposition	—	(444)	—	—
Other, net	60	83	1	5
Changes in assets and liabilities:				
Accounts receivable, net	(7)	56	—	—
Inventories	(679)	(186)	—	—
Other assets	28	(27)	(1)	(1)
Accounts payable	134	(68)	—	—
Other liabilities	(250)	(77)	(1)	(3)
Income taxes, net	(75)	51	5	(7)
Pension, net	(44)	(7)	—	—
Dividends received from Finance group	50	50	—	—
Other operating activities, net	2	(1)	—	—
Net cash provided by operating activities of continuing operations	205	734	21	13
Net cash used in operating activities of discontinued operations	(2)	(1)	—	—
Net cash provided by operating activities	203	733	21	13
<b>Cash flows from investing activities</b>				
Capital expenditures	(216)	(233)	—	—
Net proceeds from corporate-owned life insurance policies	4	98	—	—
Net proceeds from business disposition	—	807	—	—
Finance receivables repaid	—	—	149	160
Finance receivables originated	—	—	(107)	(131)
Other investing activities, net	6	9	30	24
Net cash provided by (used in) investing activities	(206)	681	72	53
<b>Cash flows from financing activities</b>				
Increase in short-term debt	118	—	—	—
Proceeds from long-term debt	297	—	—	—
Principal payments on long-term debt and nonrecourse debt	(1)	(4)	(41)	(56)
Purchases of Textron common stock	(470)	(1,383)	—	—
Dividends paid	(9)	(15)	(50)	(50)
Other financing activities, net	18	68	—	—
Net cash used in financing activities	(47)	(1,334)	(91)	(106)
Effect of exchange rate changes on cash and equivalents	(6)	(9)	—	—
<b>Net increase (decrease) in cash and equivalents</b>	(56)	71	2	(40)
Cash and equivalents at beginning of period	987	1,079	120	183
Cash and equivalents at end of period	\$ 931	\$ 1,150	\$ 122	\$ 143

See Notes to the Consolidated Financial Statements.

**TEXTRON INC.**  
**Notes to the Consolidated Financial Statements (Unaudited)**

**Note 1. Basis of Presentation**

Our Consolidated Financial Statements include the accounts of Textron Inc. (Textron) and its majority-owned subsidiaries. We have prepared these unaudited consolidated financial statements in accordance with accounting principles generally accepted in the U.S. for interim financial information. Accordingly, these interim financial statements do not include all of the information and footnotes required by accounting principles generally accepted in the U.S. for complete financial statements. The consolidated interim financial statements included in this quarterly report should be read in conjunction with the consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 29, 2018. In the opinion of management, the interim financial statements reflect all adjustments (consisting only of normal recurring adjustments) that are necessary for the fair presentation of our consolidated financial position, results of operations and cash flows for the interim periods presented. The results of operations for the interim periods are not necessarily indicative of the results to be expected for the full year.

Our financings are conducted through two separate borrowing groups. The Manufacturing group consists of Textron consolidated with its majority-owned subsidiaries that operate in the Textron Aviation, Bell, Textron Systems and Industrial segments. The Finance group, which also is the Finance segment, consists of Textron Financial Corporation and its consolidated subsidiaries. We designed this framework to enhance our borrowing power by separating the Finance group. Our Manufacturing group operations include the development, production and delivery of tangible goods and services, while our Finance group provides financial services. Due to the fundamental differences between each borrowing group's activities, investors, rating agencies and analysts use different measures to evaluate each group's performance. To support those evaluations, we present balance sheet and cash flow information for each borrowing group within the Consolidated Financial Statements. All significant intercompany transactions are eliminated from the Consolidated Financial Statements, including retail financing activities for inventory sold by our Manufacturing group and financed by our Finance group.

**Use of Estimates**

We prepare our financial statements in conformity with generally accepted accounting principles, which require us to make estimates and assumptions that affect the amounts reported in the financial statements. Actual results could differ from those estimates. Our estimates and assumptions are reviewed periodically, and the effects of changes, if any, are reflected in the Consolidated Statements of Operations in the period that they are determined.

*Contract Estimates*

For contracts where revenue is recognized over time, we recognize changes in estimated contract revenues, costs and profits using the cumulative catch-up method of accounting. This method recognizes the cumulative effect of changes on current and prior periods with the impact of the change from inception-to-date recorded in the current period. Anticipated losses on contracts are recognized in full in the period in which the losses become probable and estimable.

In the third quarter of 2019 and 2018, our cumulative catch-up adjustments increased revenue and segment profit by \$21 million and \$63 million, respectively, and net income by \$16 million and \$48 million, respectively (\$0.07 and \$0.19 per diluted share, respectively). In the third quarter of 2019 and 2018, gross favorable adjustments totaled \$41 million and \$79 million, respectively, and the gross unfavorable adjustments totaled \$20 million and \$16 million, respectively.

In the first nine months of 2019 and 2018, our cumulative catch-up adjustments increased revenue and segment profit by \$79 million and \$167 million, respectively, and net income by \$60 million and \$127 million, respectively (\$0.26 and \$0.49 per diluted share, respectively). In the first nine months of 2019 and 2018, gross favorable adjustments totaled \$140 million and \$205 million, respectively, and the gross unfavorable adjustments totaled \$61 million and \$38 million, respectively.

**Note 2. Summary of Significant Accounting Policies Update**

At the beginning of 2019, we adopted Accounting Standards Update (ASU) No. 2016-02, *Leases* (ASC 842), which requires lessees to recognize all leases with a term greater than 12 months on the balance sheet as right-of-use assets and lease liabilities. Upon adoption, the most significant impact was the recognition of \$307 million in right-of-use assets and lease liabilities for operating leases, while our accounting for finance leases remained unchanged. We applied the provisions of this standard to our existing leases at the adoption date using a retrospective transition method and have not adjusted comparative periods. The cumulative transition adjustment to retained earnings was not significant and the adoption had no impact on our earnings or cash flows. We elected the practical expedients permitted under the transition guidance, which allowed us to carryforward the historical lease classification and to apply hindsight when evaluating options within a contract, resulting in the extension of the lease term for certain of our existing leases.

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Our significant accounting policies are included in Note 1 of our Annual Report on Form 10-K for the year ended December 29, 2018. Significant changes to our policies resulting from the adoption of ASC 842 are provided below.

### *Leases*

We identify leases by evaluating our contracts to determine if the contract conveys the right to use an identified asset for a stated period of time in exchange for consideration. Specifically, we consider whether we can control the underlying asset and have the right to obtain substantially all of the economic benefits or outputs from the asset. For our contracts that contain both lease components (e.g., fixed payments including rent, real estate taxes and insurance costs) and non-lease components (e.g., common-area maintenance costs, other goods/services), we allocate the consideration in the contract to each component based on its standalone price. Leases with terms greater than 12 months are classified as either operating or finance leases at the commencement date. For these leases, we capitalize the lesser of a) the present value of the minimum lease payments over the lease term, or b) the fair value of the asset, as a right-of-use asset with an offsetting lease liability. The discount rate used to calculate the present value of the minimum lease payments is typically our incremental borrowing rate, as the rate implicit in the lease is generally not known or determinable. The lease term includes any noncancelable period for which we have the right to use the asset and may include options to extend or terminate the lease when it is reasonably certain that we will exercise the option. Operating leases are recognized as a single lease cost on a straight-line basis over the lease term, while finance lease cost is recognized separately as amortization and interest expense.

### **Accounting Pronouncements Not Yet Adopted**

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments – Credit Losses*. For most financial assets, such as trade and other receivables, loans and other instruments, this standard changes the current incurred loss model to a forward-looking expected credit loss model, which generally will result in the earlier recognition of allowances for losses. The new standard is effective for our company at the beginning of 2020. Entities are required to apply the provisions of the standard through a cumulative-effect adjustment to retained earnings as of the effective date. We are continuing to evaluate the impact of the standard on our consolidated financial statements and expect to complete our assessment in the fourth quarter of 2019. We do not expect the standard to have a material impact on our consolidated financial statements.

### **Note 3. Business Disposition**

On July 2, 2018, we completed the sale of the businesses that manufacture and sell the products in our Tools and Test Equipment product line within our Industrial segment to Emerson Electric Co. for net cash proceeds of \$807 million. In the third quarter of 2018, we recorded an after-tax gain of \$410 million, subject to post-closing adjustments.

### **Note 4. Accounts Receivable and Finance Receivables**

#### **Accounts Receivable**

Accounts receivable is composed of the following:

<i>(In millions)</i>	September 28, 2019	December 29, 2018
Commercial	\$ 916	\$ 885
U.S. Government contracts	129	166
	1,045	1,051
Allowance for doubtful accounts	(27)	(27)
Total accounts receivable, net	\$ 1,018	\$ 1,024

#### **Finance Receivables**

Finance receivables are presented in the following table:

<i>(In millions)</i>	September 28, 2019	December 29, 2018
Finance receivables	\$ 755	\$ 789
Allowance for losses	(25)	(29)
Total finance receivables, net	\$ 730	\$ 760

#### **Finance Receivable Portfolio Quality**

We internally assess the quality of our finance receivables based on a number of key credit quality indicators and statistics such as delinquency, loan balance to estimated collateral value and the financial strength of individual borrowers and guarantors. Because many of these indicators are difficult to apply across an entire class of receivables, we evaluate individual loans on a quarterly basis and classify these loans into three categories based on the key credit quality indicators for the individual loan. These three categories are performing, watchlist and nonaccrual.

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We classify finance receivables as nonaccrual if credit quality indicators suggest full collection of principal and interest is doubtful. In addition, we automatically classify accounts as nonaccrual once they are contractually delinquent by more than three months unless collection of principal and interest is not doubtful. Accounts are classified as watchlist when credit quality indicators have deteriorated as compared with typical underwriting criteria, and we believe collection of full principal and interest is probable but not certain. All other finance receivables that do not meet the watchlist or nonaccrual categories are classified as performing.

We measure delinquency based on the contractual payment terms of our finance receivables. In determining the delinquency aging category of an account, any/all principal and interest received is applied to the most past-due principal and/or interest amounts due. If a significant portion of the contractually due payment is delinquent, the entire finance receivable balance is reported in accordance with the most past-due delinquency aging category.

Finance receivables categorized based on the credit quality indicators and by the delinquency aging category are summarized as follows:

<i>(Dollars in millions)</i>	September 28, 2019	December 29, 2018
Performing	\$ 691	\$ 704
Watchlist	23	45
Nonaccrual	41	40
Nonaccrual as a percentage of finance receivables	5.43 %	5.07 %
Less than 31 days past due	\$ 659	\$ 719
31-60 days past due	60	56
61-90 days past due	12	5
Over 90 days past due	24	9
60+ days contractual delinquency as a percentage of finance receivables	4.77 %	1.77 %

On a quarterly basis, we evaluate individual larger balance accounts for impairment. A finance receivable is considered impaired when it is probable that we will be unable to collect all amounts due according to the contractual terms of the loan agreement based on our review of the credit quality indicators described above. Impaired finance receivables include both nonaccrual accounts and accounts for which full collection of principal and interest remains probable, but the account's original terms have been, or are expected to be, significantly modified. If the modification specifies an interest rate equal to or greater than a market rate for a finance receivable with comparable risk, the account is not considered impaired in years subsequent to the modification.

A summary of finance receivables and the allowance for losses, based on the results of our impairment evaluation, is provided below. The finance receivables included in this table specifically exclude leveraged leases in accordance with U.S. generally accepted accounting principles.

<i>(In millions)</i>	September 28, 2019	December 29, 2018
Finance receivables evaluated collectively	\$ 611	\$ 630
Finance receivables evaluated individually	41	58
Allowance for losses based on collective evaluation	22	24
Allowance for losses based on individual evaluation	3	5
Impaired finance receivables with no related allowance for losses	\$ 21	\$ 43
Impaired finance receivables with related allowance for losses	20	15
Unpaid principal balance of impaired finance receivables	51	67
Average recorded investment of impaired finance receivables	40	61

**Note 5. Inventories**

Inventories are composed of the following:

<i>(In millions)</i>	September 28, 2019	December 29, 2018
Finished goods	\$ 1,738	\$ 1,662
Work in process	1,880	1,356
Raw materials and components	818	800
Total inventories	\$ 4,436	\$ 3,818



**Note 6. Other Assets**

On April 1, 2019, TRU Simulation + Training Inc., a business within our Textron Systems segment, contributed assets associated with its training business into FlightSafety Textron Aviation Training LLC, a company formed by FlightSafety International Inc. and TRU to provide training solutions for Textron Aviation’s commercial business and general aviation aircraft. We have a 30% interest in this newly formed company and our investment is accounted for under the equity method of accounting. We contributed assets with a carrying value of \$69 million to the company, which primarily included property, plant and equipment. In addition, \$71 million of the Textron Systems segment’s goodwill was allocated to this transaction. In the second quarter of 2019, based on the fair value of our share of the business, we recorded a pre-tax net gain of \$18 million, subject to post-closing adjustments, to cost of sales in our Consolidated Statements of Operations.

**Note 7. Warranty Liability**

Changes in our warranty liability are as follows:

<i>(In millions)</i>	Nine Months Ended	
	September 28, 2019	September 29, 2018
Beginning of period	\$ 149	\$ 164
Provision	45	50
Settlements	(56)	(60)
Adjustments*	(3)	1
End of period	\$ 135	\$ 155

\* Adjustments include changes to prior year estimates, new issues on prior year sales, business dispositions, acquisitions and currency translation adjustments.

**Note 8. Leases**

We primarily lease certain manufacturing plants, offices, warehouses, training and service centers at various locations worldwide that are classified as either operating or finance leases. Our leases have remaining lease terms up to 30 years, which include options to extend the lease term for periods up to 25 years when it is reasonably certain the option will be exercised. In the third quarter and first nine months of 2019, our operating lease cost totaled \$16 million and \$48 million, respectively. Our finance lease cost and our variable and short-term lease costs were not significant. In the first nine months of 2019, cash paid for operating lease liabilities totaled \$48 million, which is classified in cash flows from operating activities. Balance sheet and other information related to our leases is as follows:

<i>(Dollars in millions)</i>	September 28, 2019
<b>Operating leases:</b>	
Other assets	\$ 282
Other current liabilities	50
Other liabilities	235
<b>Finance leases:</b>	
Property, plant and equipment, less accumulated amortization of \$53 million	\$ 114
Short-term and current portion of long-term debt	6
Long-term debt	75
<b>Weighted-average remaining lease term (in years)</b>	
Finance leases	14.0
Operating leases	10.3
<b>Weighted-average discount rate</b>	
Finance leases	2.75 %
Operating leases	4.45 %

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Maturities of our lease liabilities at September 28, 2019 are as follows:

<i>(In millions)</i>	<b>Operating Leases</b>	<b>Finance Leases</b>
2019	\$ 18	\$ 3
2020	56	9
2021	43	9
2022	36	9
2023	31	9
Thereafter	178	69
Total lease payments	362	108
Less: interest	(77)	(27)
Total lease liabilities	\$ 285	\$ 81

**Note 9. Debt**

Under our shelf registration statement, on May 7, 2019, we issued \$300 million of fixed-rate notes due September 17, 2029 with an annual interest rate of 3.90%. The net proceeds of the issuance totaled \$297 million, after deducting underwriting discounts, commissions and offering expenses.

On June 24, 2019, the Finance Group's \$150 million fixed-rate loan due August 16, 2019 was amended. The maturity date of this loan was extended to June 23, 2022 and the annual interest rate was modified from 2.26% to 2.88%.

**Note 10. Derivative Instruments and Fair Value Measurements**

We measure fair value at the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. We prioritize the assumptions that market participants would use in pricing the asset or liability into a three-tier fair value hierarchy. This fair value hierarchy gives the highest priority (Level 1) to quoted prices in active markets for identical assets or liabilities and the lowest priority (Level 3) to unobservable inputs in which little or no market data exist, requiring companies to develop their own assumptions. Observable inputs that do not meet the criteria of Level 1, which include quoted prices for similar assets or liabilities in active markets or quoted prices for identical assets and liabilities in markets that are not active, are categorized as Level 2. Level 3 inputs are those that reflect our estimates about the assumptions market participants would use in pricing the asset or liability based on the best information available in the circumstances. Valuation techniques for assets and liabilities measured using Level 3 inputs may include methodologies such as the market approach, the income approach or the cost approach and may use unobservable inputs such as projections, estimates and management's interpretation of current market data. These unobservable inputs are utilized only to the extent that observable inputs are not available or cost effective to obtain.

**Assets and Liabilities Recorded at Fair Value on a Recurring Basis**

We manufacture and sell our products in a number of countries throughout the world, and, therefore, we are exposed to movements in foreign currency exchange rates. We primarily utilize foreign currency exchange contracts with maturities of no more than three years to manage this volatility. These contracts qualify as cash flow hedges and are intended to offset the effect of exchange rate fluctuations on forecasted sales, inventory purchases and overhead expenses. Net gains and losses recognized in earnings and Accumulated other comprehensive loss on cash flow hedges, including gains and losses related to hedge ineffectiveness, were not significant in the periods presented.

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Our foreign currency exchange contracts are measured at fair value using the market method valuation technique. The inputs to this technique utilize current foreign currency exchange forward market rates published by third-party leading financial news and data providers. These are observable data that represent the rates that the financial institution uses for contracts entered into at that date; however, they are not based on actual transactions so they are classified as Level 2. At September 28, 2019 and December 29, 2018, we had foreign currency exchange contracts with notional amounts upon which the contracts were based of \$366 million and \$379 million, respectively. At September 28, 2019, the fair value amounts of our foreign currency exchange contracts were a \$3 million asset and a \$5 million liability. At December 29, 2018, the fair value amounts of our foreign currency exchange contracts were a \$2 million asset and a \$10 million liability.

We hedge our net investment position in certain major currencies and generate foreign currency interest payments that offset other transactional exposures in these currencies. To accomplish this, we borrow directly in the foreign currency and designate a portion of the debt as a hedge of the net investment. We record changes in the fair value of these contracts in other comprehensive income to the extent they are effective as cash flow hedges. Currency effects on the effective portion of these hedges, which are reflected in the foreign currency translation adjustments within Accumulated other comprehensive loss, were not significant in the periods presented.

**Assets and Liabilities Not Recorded at Fair Value**

The carrying value and estimated fair value of our financial instruments that are not reflected in the financial statements at fair value are as follows:

	September 28, 2019		December 29, 2018	
	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
<i>(In millions)</i>				
<b>Manufacturing group</b>				
Debt, excluding leases	\$ (3,411)	\$ (3,550)	\$ (2,996)	\$ (2,971)
<b>Finance group</b>				
Finance receivables, excluding leases	544	571	582	584
Debt	(695)	(626)	(718)	(640)

Fair value for the Manufacturing group debt is determined using market observable data for similar transactions (Level 2). The fair value for the Finance group debt was determined primarily based on discounted cash flow analyses using observable market inputs from debt with similar duration, subordination and credit default expectations (Level 2). Fair value estimates for finance receivables were determined based on internally developed discounted cash flow models primarily utilizing significant unobservable inputs (Level 3), which include estimates of the rate of return, financing cost, capital structure and/or discount rate expectations of current market participants combined with estimated loan cash flows based on credit losses, payment rates and expectations of borrowers' ability to make payments on a timely basis.

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**Note 11. Shareholders' Equity**

A reconciliation of Shareholder's equity is presented below:

<i>(In millions)</i>	Common Stock	Capital Surplus	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Loss	Total Shareholders' Equity
<b>Three months ended September 28, 2019</b>						
Beginning of period	\$ 30	\$ 1,717	\$ (490)	\$ 5,794	\$ (1,715)	\$ 5,336
Net income	—	—	—	220	—	220
Other comprehensive income	—	—	—	—	(14)	(14)
Share-based compensation activity	—	24	—	—	—	24
Dividends declared	—	—	—	(5)	—	(5)
Purchases of common stock	—	—	(109)	—	—	(109)
End of period	\$ 30	\$ 1,741	\$ (599)	\$ 6,009	\$ (1,729)	\$ 5,452
<b>Three months ended September 29, 2018</b>						
Beginning of period	\$ 33	\$ 1,774	\$ (963)	\$ 5,861	\$ (1,343)	\$ 5,362
Net income	—	—	—	563	—	563
Other comprehensive income	—	—	—	—	46	46
Share-based compensation activity	—	45	—	—	—	45
Dividends declared	—	—	—	(5)	—	(5)
Purchases of common stock	—	—	(468)	—	—	(468)
End of period	\$ 33	\$ 1,819	\$ (1,431)	\$ 6,419	\$ (1,297)	\$ 5,543
<b>Nine months ended September 28, 2019</b>						
Beginning of period	\$ 30	\$ 1,646	\$ (129)	\$ 5,407	\$ (1,762)	\$ 5,192
Net income	—	—	—	616	—	616
Other comprehensive income	—	—	—	—	33	33
Share-based compensation activity	—	95	—	—	—	95
Dividends declared	—	—	—	(14)	—	(14)
Purchases of common stock	—	—	(470)	—	—	(470)
End of period	\$ 30	\$ 1,741	\$ (599)	\$ 6,009	\$ (1,729)	\$ 5,452
<b>Nine months ended September 29, 2018</b>						
Beginning of period	\$ 33	\$ 1,669	\$ (48)	\$ 5,368	\$ (1,375)	\$ 5,647
Adoption of ASC 606	—	—	—	90	—	90
Net income	—	—	—	976	—	976
Other comprehensive income	—	—	—	—	78	78
Share-based compensation activity	—	150	—	—	—	150
Dividends declared	—	—	—	(15)	—	(15)
Purchases of common stock	—	—	(1,383)	—	—	(1,383)
End of period	\$ 33	\$ 1,819	\$ (1,431)	\$ 6,419	\$ (1,297)	\$ 5,543

Dividends per share of common stock were \$0.02 for both the third quarter of 2019 and 2018 and \$0.06 for both the first nine months of 2019 and 2018.

**Earnings Per Share**

We calculate basic and diluted earnings per share (EPS) based on net income, which approximates income available to common shareholders for each period. Basic EPS is calculated using the two-class method, which includes the weighted-average number of common shares outstanding during the period and restricted stock units to be paid in stock that are deemed participating securities as they provide nonforfeitable rights to dividends. Diluted EPS considers the dilutive effect of all potential future common stock, including stock options.

The weighted-average shares outstanding for basic and diluted EPS are as follows:

<i>(In thousands)</i>	Three Months Ended		Nine Months Ended	
	September 28, 2019	September 29, 2018	September 28, 2019	September 29, 2018
Basic weighted-average shares outstanding	229,755	246,136	232,202	253,512
Dilutive effect of stock options	1,342	3,242	1,487	3,268
Diluted weighted-average shares outstanding	231,097	249,378	233,689	256,780



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Stock options to purchase 4.3 million and 3.1 million shares of common stock are excluded from the calculation of diluted weighted-average shares outstanding for the third quarter and first nine months of 2019, respectively, as their effect would have been anti-dilutive. For the three and nine months ended September 29, 2018, there were no stock options excluded from the calculation of diluted weighted-average shares outstanding.

**Accumulated Other Comprehensive Loss and Other Comprehensive Income (Loss)**

The components of Accumulated other comprehensive loss are presented below:

<i>(In millions)</i>	Pension and Postretirement Benefits Adjustments	Foreign Currency Translation Adjustments	Deferred Gains (Losses) on Hedge Contracts	Accumulated Other Comprehensive Loss
Balance at December 29, 2018	\$ (1,727)	\$ (32)	\$ (3)	\$ (1,762)
Other comprehensive income before reclassifications	—	(30)	4	(26)
Reclassified from Accumulated other comprehensive loss	61	—	(2)	59
Balance at September 28, 2019	\$ (1,666)	\$ (62)	\$ (1)	\$ (1,729)
Balance at December 30, 2017	\$ (1,396)	\$ 11	\$ 10	\$ (1,375)
Other comprehensive income before reclassifications	—	(26)	—	(26)
Reclassified from Accumulated other comprehensive loss	100	6	(2)	104
Balance at September 29, 2018	\$ (1,296)	\$ (9)	\$ 8	\$ (1,297)

The before and after-tax components of Other comprehensive income (loss) are presented below:

<i>(In millions)</i>	September 28, 2019			September 29, 2018		
	Pre-Tax Amount	Tax (Expense) Benefit	After-Tax Amount	Pre-Tax Amount	Tax (Expense) Benefit	After-Tax Amount
<b>Three Months Ended</b>						
Pension and postretirement benefits adjustments:						
Amortization of net actuarial loss*	\$ 25	\$ (6)	\$ 19	\$ 38	\$ (9)	\$ 29
Amortization of prior service cost*	1	—	1	2	—	2
Business disposition	—	—	—	7	—	7
Pension and postretirement benefits adjustments, net	26	(6)	20	47	(9)	38
Deferred gains on hedge contracts:						
Current deferrals	—	—	—	3	(1)	2
Reclassification adjustments	—	—	—	(2)	1	(1)
Deferred gains on hedge contracts, net	—	—	—	1	—	1
Foreign currency translation adjustments:						
Foreign currency translation adjustments	(33)	(1)	(34)	1	—	1
Business disposition	—	—	—	6	—	6
Foreign currency translation adjustments, net	(33)	(1)	(34)	7	—	7
Total	\$ (7)	\$ (7)	\$ (14)	\$ 55	\$ (9)	\$ 46
<b>Nine Months Ended</b>						
Pension and postretirement benefits adjustments:						
Amortization of net actuarial loss*	\$ 74	\$ (17)	\$ 57	\$ 115	\$ (27)	\$ 88
Amortization of prior service cost*	5	(1)	4	6	(1)	5
Business disposition	—	—	—	7	—	7
Pension and postretirement benefits adjustments, net	79	(18)	61	128	(28)	100
Deferred gains (losses) on hedge contracts:						
Current deferrals	6	(2)	4	1	(1)	—
Reclassification adjustments	(2)	—	(2)	(3)	1	(2)
Deferred gains (losses) on hedge contracts, net	4	(2)	2	(2)	—	(2)
Foreign currency translation adjustments:						
Foreign currency translation adjustments	(29)	(1)	(30)	(25)	(1)	(26)
Business disposition	—	—	—	6	—	6
Foreign currency translation adjustments, net	(29)	(1)	(30)	(19)	(1)	(20)
Total	\$ 54	\$ (21)	\$ 33	\$ 107	\$ (29)	\$ 78

\*These components of other comprehensive income (loss) are included in the computation of net periodic pension cost. See Note 14 of our 2018 Annual Report on Form 10-K for additional information.

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**Note 12. Segment Information**

We operate in, and report financial information for, the following five business segments: Textron Aviation, Bell, Textron Systems, Industrial and Finance. On July 2, 2018, we sold our Tools and Test Equipment businesses that were previously included in the Industrial segment as discussed in Note 3. Segment profit is an important measure used for evaluating performance and for decision-making purposes. Segment profit for the manufacturing segments excludes interest expense, certain corporate expenses, gains/losses on major business dispositions and special charges. The measurement for the Finance segment includes interest income and expense along with intercompany interest income and expense.

Our revenues by segment, along with a reconciliation of segment profit to income before income taxes, are included in the table below:

<i>(In millions)</i>	Three Months Ended		Nine Months Ended	
	September 28, 2019	September 29, 2018	September 28, 2019	September 29, 2018
<b>Revenues</b>				
Textron Aviation	\$ 1,201	\$ 1,133	\$ 3,458	\$ 3,419
Bell	783	770	2,293	2,353
Textron Systems	311	352	926	1,119
Industrial	950	930	2,871	3,283
Finance	14	15	47	48
<b>Total revenues</b>	<b>\$ 3,259</b>	<b>\$ 3,200</b>	<b>\$ 9,595</b>	<b>\$ 10,222</b>
<b>Segment Profit</b>				
Textron Aviation	\$ 104	\$ 99	\$ 315	\$ 275
Bell	110	113	317	317
Textron Systems	31	29	108	119
Industrial	47	1	173	145
Finance	5	3	17	14
Segment profit	297	245	930	870
Corporate expenses and other, net	(17)	(29)	(88)	(107)
Interest expense, net for Manufacturing group	(39)	(32)	(110)	(101)
Gain on business disposition	—	444	—	444
<b>Income before income taxes</b>	<b>\$ 241</b>	<b>\$ 628</b>	<b>\$ 732</b>	<b>\$ 1,106</b>

**Note 13. Revenues**

**Disaggregation of Revenues**

Our revenues disaggregated by major product type are presented below:

<i>(In millions)</i>	Three Months Ended		Nine Months Ended	
	September 28, 2019	September 29, 2018	September 28, 2019	September 29, 2018
Aircraft	\$ 797	\$ 756	\$ 2,296	\$ 2,267
Aftermarket parts and services	404	377	1,162	1,152
<b>Textron Aviation</b>	<b>1,201</b>	<b>1,133</b>	<b>3,458</b>	<b>3,419</b>
Military aircraft and support programs	473	505	1,463	1,525
Commercial helicopters, parts and services	310	265	830	828
<b>Bell</b>	<b>783</b>	<b>770</b>	<b>2,293</b>	<b>2,353</b>
Unmanned systems	147	154	416	485
Marine and land systems	47	87	155	248
Simulation, training and other	117	111	355	386
<b>Textron Systems</b>	<b>311</b>	<b>352</b>	<b>926</b>	<b>1,119</b>
Fuel systems and functional components	521	522	1,707	1,804
Specialized vehicles	429	408	1,164	1,231
Tools and test equipment	—	—	—	248
<b>Industrial</b>	<b>950</b>	<b>930</b>	<b>2,871</b>	<b>3,283</b>
<b>Finance</b>	<b>14</b>	<b>15</b>	<b>47</b>	<b>48</b>
<b>Total revenues</b>	<b>\$ 3,259</b>	<b>\$ 3,200</b>	<b>\$ 9,595</b>	<b>\$ 10,222</b>

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Our revenues for our segments by customer type and geographic location are presented below:

<i>(In millions)</i>	Textron Aviation	Bell	Textron Systems	Industrial	Finance	Total
<b>Three months ended September 28, 2019</b>						
<b>Customer type:</b>						
Commercial	\$ 1,153	\$ 306	\$ 73	\$ 947	\$ 14	\$ 2,493
U.S. Government	48	477	238	3	—	766
Total revenues	\$ 1,201	\$ 783	\$ 311	\$ 950	\$ 14	\$ 3,259
<b>Geographic location:</b>						
United States	\$ 836	\$ 583	\$ 247	\$ 454	\$ 8	\$ 2,128
Europe	154	41	11	236	1	443
Asia and Australia	80	68	37	93	—	278
Other international	131	91	16	167	5	410
Total revenues	\$ 1,201	\$ 783	\$ 311	\$ 950	\$ 14	\$ 3,259
<b>Three months ended September 29, 2018</b>						
<b>Customer type:</b>						
Commercial	\$ 1,081	\$ 258	\$ 92	\$ 923	\$ 15	\$ 2,369
U.S. Government	52	512	260	7	—	831
Total revenues	\$ 1,133	\$ 770	\$ 352	\$ 930	\$ 15	\$ 3,200
<b>Geographic location:</b>						
United States	\$ 740	\$ 392	\$ 293	\$ 435	\$ 4	\$ 1,864
Europe	173	54	14	261	1	503
Asia and Australia	70	214	10	81	1	376
Other international	150	110	35	153	9	457
Total revenues	\$ 1,133	\$ 770	\$ 352	\$ 930	\$ 15	\$ 3,200
<b>Nine Months Ended September 28, 2019</b>						
<b>Customer type:</b>						
Commercial	\$ 3,322	\$ 815	\$ 230	\$ 2,856	\$ 47	\$ 7,270
U.S. Government	136	1,478	696	15	—	2,325
Total revenues	\$ 3,458	\$ 2,293	\$ 926	\$ 2,871	\$ 47	\$ 9,595
<b>Geographic location:</b>						
United States	\$ 2,361	\$ 1,732	\$ 753	\$ 1,309	\$ 23	\$ 6,178
Europe	501	108	51	838	2	1,500
Asia and Australia	168	229	66	254	3	720
Other international	428	224	56	470	19	1,197
Total revenues	\$ 3,458	\$ 2,293	\$ 926	\$ 2,871	\$ 47	\$ 9,595
<b>Nine Months Ended September 29, 2018</b>						
<b>Customer type:</b>						
Commercial	\$ 3,245	\$ 801	\$ 326	\$ 3,262	\$ 48	\$ 7,682
U.S. Government	174	1,552	793	21	—	2,540
Total revenues	\$ 3,419	\$ 2,353	\$ 1,119	\$ 3,283	\$ 48	\$ 10,222
<b>Geographic location:</b>						
United States	\$ 2,319	\$ 1,444	\$ 877	\$ 1,521	\$ 18	\$ 6,179
Europe	447	131	49	1,016	4	1,647
Asia and Australia	215	491	66	273	5	1,050
Other international	438	287	127	473	21	1,346
Total revenues	\$ 3,419	\$ 2,353	\$ 1,119	\$ 3,283	\$ 48	\$ 10,222

**Remaining Performance Obligations**

Our remaining performance obligations, which is the equivalent of our backlog, represent the expected transaction price allocated to our contracts that we expect to recognize as revenues in future periods when we perform under the contracts. These remaining obligations exclude unexercised contract options and potential orders under ordering-type contracts such as Indefinite Delivery, Indefinite Quantity contracts. At September 28, 2019, we had \$8.8 billion in remaining performance obligations of which we expect to recognize revenues of approximately 64% through 2020, an additional 29% through 2022, and the balance thereafter.

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**Contract Assets and Liabilities**

Assets and liabilities related to our contracts with customers are reported on a contract-by-contract basis at the end of each reporting period. At September 28, 2019, contract assets and contract liabilities totaled \$471 million and \$945 million, respectively. At December 29, 2018, contract assets and contract liabilities totaled \$461 million and \$974 million, respectively. During the third quarter and first nine months of 2019, we recognized revenues of \$54 million and \$511 million, respectively, that were included in the contract liability balance at December 29, 2018. We recognized revenues of \$56 million and \$755 million in the third quarter and first nine months of 2018 that were included in the contract liability balance at December 31, 2017.

**Note 14. Retirement Plans**

We provide defined benefit pension plans and other postretirement benefits to eligible employees. The components of net periodic benefit cost (credit) for these plans are as follows:

<i>(In millions)</i>	Three Months Ended		Nine Months Ended	
	September 28, 2019	September 29, 2018	September 28, 2019	September 29, 2018
<b>Pension Benefits</b>				
Service cost	\$ 23	\$ 26	\$ 68	\$ 79
Interest cost	82	77	245	230
Expected return on plan assets	(139)	(138)	(417)	(415)
Amortization of net actuarial loss	26	38	76	115
Amortization of prior service cost	3	4	10	11
Net periodic benefit cost (credit)	\$ (5)	\$ 7	\$ (18)	\$ 20
<b>Postretirement Benefits Other Than Pensions</b>				
Service cost	\$ 1	\$ 1	\$ 2	\$ 2
Interest cost	3	2	8	7
Amortization of net actuarial gain	(1)	—	(2)	—
Amortization of prior service credit	(2)	(2)	(5)	(5)
Net periodic benefit cost	\$ 1	\$ 1	\$ 3	\$ 4

**Note 15. Income Taxes**

Our effective tax rate for the third quarter and first nine months of 2019 was 8.7% and 15.8%, respectively. In the third quarter and first nine months of 2019, the effective tax rate was lower than the U.S. federal statutory tax rate of 21%, primarily due to \$41 million and \$53 million, respectively, in benefits recognized for additional research credits related to prior years.

For the third quarter and first nine months of 2018, our effective tax rate was 10.4% and 11.8%, respectively. The effective tax rate was lower than the U.S. federal statutory tax rate of 21% for these periods, primarily due to the disposition of the Tools and Test equipment product line which resulted in a gain taxable primarily in a non-U.S. jurisdiction that partially exempts such gains from tax. The effective tax rate for the first nine months of 2018 also reflects a \$25 million benefit recognized upon the reassessment of our reserve for uncertain tax positions based on new information, including interactions with the tax authorities and recent audit settlements.

Our reserve for unrecognized tax benefits totaled \$214 million and \$141 million at September 28, 2019 and December 29, 2018, respectively. The increase in this reserve largely reflects the completion of a research and development tax credit analysis for tax credits related to prior years.

**Note 16. Commitments and Contingencies**

We are subject to legal proceedings and other claims arising out of the conduct of our business, including proceedings and claims relating to commercial and financial transactions; government contracts; alleged lack of compliance with applicable laws and regulations; production partners; product liability; patent and trademark infringement; employment disputes; and environmental, safety and health matters. Some of these legal proceedings and claims seek damages, fines or penalties in substantial amounts or remediation of environmental contamination. As a government contractor, we are subject to audits, reviews and investigations to determine whether our operations are being conducted in accordance with applicable regulatory requirements. Under federal government procurement regulations, certain claims brought by the U.S. Government could result in our suspension or debarment from U.S. Government contracting for a period of time. On the basis of information presently available, we do not believe that existing proceedings and claims will have a material effect on our financial position or results of operations.



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

**Consolidated Results of Operations**

<i>(Dollars in millions)</i>	Three Months Ended			Nine Months Ended		
	September 28, 2019	September 29, 2018	% Change	September 28, 2019	September 29, 2018	% Change
Revenues	\$ 3,259	\$ 3,200	2 %	\$ 9,595	\$ 10,222	(6)%
Cost of sales	2,747	2,687	2 %	7,965	8,489	(6)%
Selling and administrative expense	255	307	(17)%	854	1,004	(15)%
Gross margin percentage of Manufacturing revenues	15.3 %	15.6 %		16.6 %	16.6 %	

An analysis of our consolidated operating results is set forth below. A more detailed analysis of our segments’ operating results is provided in the Segment Analysis section on pages 20 to 25.

**Revenues**

Revenues increased \$59 million, 2%, in the third quarter of 2019, compared with the third quarter of 2018. The revenue increase included the following factors:

- Higher Textron Aviation revenues of \$68 million, primarily due to higher Citation jet volume of \$61 million and aftermarket volume of \$23 million, partially offset by lower defense volume of \$41 million.
- Higher Industrial revenues of \$20 million, primarily due to a favorable impact of \$31 million from pricing, primarily in the Specialized Vehicles product line, partially offset by an unfavorable impact of \$17 million from foreign exchange rate fluctuations.
- Higher Bell revenues of \$13 million, resulting from higher commercial revenues of \$45 million, reflecting the mix of aircraft sold in the period, partially offset by lower military volume.
- Lower Textron Systems revenues of \$41 million, largely due to lower volume of \$40 million in the Marine and Land Systems product line.

Revenues decreased \$627 million, 6%, in the first nine months of 2019, compared with the first nine months of 2018. The revenue decrease included the following factors:

- Lower Industrial revenues of \$412 million, primarily reflecting a \$248 million impact from the disposition of the Tools and Test Equipment product line and lower volume and mix of \$146 million at the remaining product lines.
- Lower Textron Systems revenues of \$193 million, largely reflecting lower volume of \$93 million in the Marine and Land Systems product line, \$69 million in the Unmanned Systems product line and \$34 million in the Simulation, Training and other product line.
- Lower Bell revenues of \$60 million, largely due to lower military volume.
- Higher Textron Aviation revenues of \$39 million, reflecting higher volume and mix of \$20 million and a favorable impact from pricing of \$19 million.

**Cost of Sales and Selling and Administrative Expense**

Cost of sales increased \$60 million, 2%, in the third quarter of 2019, compared with the corresponding period in 2018, largely resulting from higher net volume described above and an unfavorable impact of \$27 million from inflation. Cost of sales decreased \$524 million, 6%, in the first nine months of 2019, compared with the corresponding period in 2018, largely resulting from lower net volume described above, the impact from the disposition of the Tools and Test Equipment product line and improved performance.

Selling and administrative expense decreased \$52 million, 17%, in the third quarter 2019, compared with the third quarter of 2018, primarily due to lower incentive compensation expense. In the first nine months of 2019, selling and administrative expense decreased \$150 million, 15%, compared to the first nine months of 2018, primarily reflecting the disposition of the Tools and Test Equipment product line and lower incentive compensation expense.

**Gain on Business Disposition**

On July 2, 2018, we completed the sale of the businesses that manufacture and sell the products in our Tools and Test Equipment product line within our Industrial segment. We recorded an after-tax gain of \$410 million in the third quarter of 2018.

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**Income Taxes**

Our effective tax rate for the third quarter and first nine months of 2019 was 8.7% and 15.8%, respectively. In the third quarter and first nine months of 2019, the effective tax rate was lower than the U.S. federal statutory tax rate of 21%, primarily due to \$41 million and \$53 million, respectively, in benefits recognized for additional research credits related to prior years.

For the third quarter and first nine months of 2018, our effective tax rate was 10.4% and 11.8%, respectively. The effective tax rate was lower than the U.S. federal statutory tax rate of 21% for these periods, primarily due to the disposition of the Tools and Test equipment product line which resulted in a gain taxable primarily in a non-U.S. jurisdiction that partially exempts such gains from tax. The effective tax rate for the first nine months of 2018 also reflects a \$25 million benefit recognized upon the reassessment of our reserve for uncertain tax positions based on new information, including interactions with the tax authorities and recent audit settlements.

**Backlog**

Our backlog is summarized below:

<i>(In millions)</i>	September 28, 2019	December 29, 2018
Bell	\$ 5,568	\$ 5,837
Textron Aviation	1,890	1,791
Textron Systems	1,370	1,469
Total backlog	\$ 8,828	\$ 9,097

**Segment Analysis**

We operate in, and report financial information for, the following five business segments: Textron Aviation, Bell, Textron Systems, Industrial and Finance. Segment profit is an important measure used for evaluating performance and for decision-making purposes. Segment profit for the manufacturing segments excludes interest expense, certain corporate expenses, gains/losses on major business dispositions and special charges. The measurement for the Finance segment includes interest income and expense along with intercompany interest income and expense. Operating expenses for the Manufacturing segments include cost of sales, selling and administrative expense and other non-service components of net periodic benefit cost/(credit), and exclude certain corporate expenses and special charges.

In our discussion of comparative results for the Manufacturing group, changes in revenues and segment profit typically are expressed for our commercial business in terms of volume and mix, pricing, foreign exchange, acquisitions and dispositions, while changes in segment profit may be expressed in terms of volume and mix, inflation and cost performance. For revenues, volume and mix represents changes in revenues from increases or decreases in the number of units delivered or services provided and the composition of products and/or services sold. Pricing represents changes in unit pricing. Foreign exchange is the change resulting from translating foreign-denominated amounts into U.S. dollars at exchange rates that are different from the prior period. Revenues generated by acquired businesses are reflected in Acquisitions for a twelve-month period, while reductions in revenues from the sale of businesses are reflected as Dispositions. For segment profit, volume and mix represents a change due to the number of units delivered or services provided and the composition of products and/or services sold at different profit margins. Inflation represents higher material, wages, benefits, pension service cost or other costs. Performance reflects an increase or decrease in research and development, depreciation, selling and administrative costs, warranty, product liability, quality/scrap, labor efficiency, overhead, non-service pension cost/(credit), product line profitability, start-up, ramp up and cost-reduction initiatives or other manufacturing inputs.

Approximately 24% of our 2018 revenues were derived from contracts with the U.S. Government, including those under the U.S. Government-sponsored foreign military sales program. For our segments that contract with the U.S. Government, changes in revenues related to these contracts are expressed in terms of volume. Revenues for our U.S. Government contracts are primarily recognized as costs are incurred. Changes in segment profit are typically expressed in terms of volume and mix and performance; these include cumulative catch-up adjustments associated with a) revisions to the transaction price that may reflect contract modifications or changes in assumptions related to award fees and other variable consideration or b) changes in the total estimated costs at completion due to improved or deteriorated operating performance.

**Textron Aviation**

	Three Months Ended		Nine Months Ended	
	September 28, 2019	September 29, 2018	September 28, 2019	September 29, 2018
<i>(Dollars in millions)</i>				
Revenues:				
Aircraft	\$ 797	\$ 756	\$ 2,296	\$ 2,267
Aftermarket parts and services	404	377	1,162	1,152
Total revenues	1,201	1,133	3,458	3,419
Operating expenses	1,097	1,034	3,143	3,144
Segment profit	104	99	315	275
Profit margin	8.7 %	8.7 %	9.1 %	8.0 %

**Textron Aviation Revenues and Operating Expenses**

The following factors contributed to the change in Textron Aviation’s revenues for the periods:

	Q3 2019 versus Q3 2018	YTD 2019 versus YTD 2018
<i>(In millions)</i>		
Volume and mix	\$ 68	\$ 20
Pricing	—	19
Total change	\$ 68	\$ 39

Textron Aviation’s revenues increased \$68 million, 6%, in the third quarter of 2019, compared with the third quarter of 2018, due to higher volume and mix, largely the result of higher Citation jet volume of \$61 million and aftermarket volume of \$23 million, partially offset by lower defense volume of \$41 million. We delivered 45 Citation jets and 39 commercial turboprops in the third quarter of 2019, compared with 41 Citation jets and 43 commercial turboprops in the third quarter of 2018.

Textron Aviation’s revenues increased \$39 million in the first nine months of 2019, compared with the first nine months of 2018, due to higher volume and mix of \$20 million and favorable pricing of \$19 million. Volume and mix included higher Citation jet volume of \$126 million, partially offset by lower defense volume. We delivered 135 Citation jets and 117 commercial turboprops in the first nine months of 2019, compared with 125 Citation jets and 119 commercial turboprops in the first nine months of 2018.

Textron Aviation’s operating expenses increased \$63 million, 6%, in the third quarter, compared with the corresponding period of 2018, largely due to higher volume and mix described above. Operating expenses were unchanged for the first nine months of 2019, compared with the first nine months of 2018, as improved manufacturing performance was offset by an unfavorable impact from inflation and higher volume and mix described above.

**Textron Aviation Segment Profit**

The following factors contributed to the change in Textron Aviation’s segment profit for the periods:

	Q3 2019 versus Q3 2018	YTD 2019 versus YTD 2018
<i>(In millions)</i>		
Performance	\$ 4	\$ 53
Volume and mix	15	—
Inflation, net of pricing	(14)	(13)
Total change	\$ 5	\$ 40

Segment profit at Textron Aviation increased \$5 million, 5%, in the third quarter of 2019, compared with the third quarter of 2018, reflecting the impact from higher volume and mix of \$15 million described above and a favorable impact of \$4 million from performance, partially offset by an unfavorable impact of \$14 million from inflation, net of pricing.

In the first nine months of 2019, Textron Aviation’s segment profit increased \$40 million, 15%, compared with the first nine months of 2018, due to a favorable impact of \$53 million, reflecting improved manufacturing performance, partially offset by an unfavorable impact of \$13 million from inflation, net of pricing.

**Bell**

<i>(Dollars in millions)</i>	Three Months Ended		Nine Months Ended	
	September 28, 2019	September 29, 2018	September 28, 2019	September 29, 2018
Revenues:				
Military aircraft and support programs	\$ 473	\$ 505	\$ 1,463	\$ 1,525
Commercial helicopters, parts and services	310	265	830	828
Total revenues	783	770	2,293	2,353
Operating expenses	673	657	1,976	2,036
Segment profit	110	113	317	317
Profit margin	14.0 %	14.7 %	13.8 %	13.5 %

Bell's major U.S. Government programs currently are the V-22 tiltrotor aircraft and the H-1 helicopter platforms, which are both in the production stage and represent a significant portion of Bell's revenues from the U.S. Government.

**Bell Revenues and Operating Expenses**

The following factors contributed to the change in Bell's revenues for the periods:

<i>(In millions)</i>	Q3 2019 versus Q3 2018	YTD 2019 versus YTD 2018
Volume and mix	\$ 9	\$ (72)
Other	4	12
Total change	\$ 13	\$ (60)

Bell's revenues increased \$13 million, 2%, in the third quarter of 2019, compared with the third quarter of 2018, as higher commercial revenues of \$45 million were partially offset by lower military volume. The increase in commercial revenues primarily reflected the mix of aircraft sold in the period as we delivered 42 commercial helicopters in the third quarter of 2019, compared with 43 commercial helicopters in the third quarter of 2018.

In the first nine months of 2019, Bell's revenues decreased \$60 million, 3%, compared with the first nine months of 2018, primarily due to lower military volume. We delivered 125 commercial helicopters in the first nine months of 2019, compared with 146 commercial helicopters in the first nine months of 2018.

Bell's operating expenses increased \$16 million, 2%, in the third quarter of 2019, compared with the third quarter of 2018, primarily due to unfavorable performance described below. Operating expenses decreased \$60 million, 3%, in first nine months of 2019, compared with the first nine months of 2018, primarily due to lower volume and mix described above and improved commercial performance.

**Bell Segment Profit**

The following factors contributed to the change in Bell's segment profit for the periods:

<i>(In millions)</i>	Q3 2019 versus Q3 2018	YTD 2019 versus YTD 2018
Performance and other	\$ (10)	\$ 25
Volume and mix	7	(25)
Total change	\$ (3)	\$ —

Bell's segment profit decreased \$3 million, 3%, in the third quarter of 2019, compared with the third quarter of 2018, as unfavorable performance and other of \$10 million was partially offset by the impact of higher volume and mix. Performance and other reflected lower net favorable program adjustments, partially offset by \$13 million of lower selling and administrative and research and development costs.

In the first nine months of 2019, Bell's segment profit was unchanged, compared with the first nine months of 2018, as favorable performance and other of \$25 million, was offset by the impact of lower volume and mix described above. Favorable performance included improved commercial performance, partially offset by lower net favorable program adjustments.

**Textron Systems**

<i>(Dollars in millions)</i>	Three Months Ended		Nine Months Ended	
	September 28, 2019	September 29, 2018	September 28, 2019	September 29, 2018
Revenues	\$ 311	\$ 352	\$ 926	\$ 1,119
Operating expenses	280	323	818	1,000
Segment profit	31	29	108	119
Profit margin	10.0 %	8.2 %	11.7 %	10.6 %

**Textron Systems Revenues and Operating Expenses**

The following factors contributed to the change in Textron Systems' revenues for the periods:

<i>(In millions)</i>	Q3 2019 versus Q3 2018	YTD 2019 versus YTD 2018
Volume	\$ (42)	\$ (196)
Other	1	3
Total change	\$ (41)	\$ (193)

Revenues at Textron Systems decreased \$41 million, 12%, in the third quarter of 2019, compared with the third quarter of 2018, largely due to lower volume of \$40 million in the Marine and Land Systems product line reflecting lower armored vehicle deliveries.

In the first nine months of 2019, revenues at Textron Systems decreased \$193 million, 17%, compared with the first nine months of 2018, largely due to lower volume of \$93 million in the Marine and Land Systems product line, reflecting lower Tactical Armoured Patrol Vehicle program deliveries, \$69 million in the Unmanned Systems product line and \$34 million in the Simulation, Training and other product line, principally in the TRU Simulation + Training business.

Textron Systems' operating expenses decreased \$43 million, 13%, and \$182 million, 18%, in the third quarter and first nine months of 2019, respectively, compared with the corresponding periods of 2018, primarily due to lower volume described above. The decrease in the first nine months of 2019 also included a favorable impact from the \$18 million gain discussed below.

**Textron Systems Segment Profit**

The following factors contributed to the change in Textron Systems' segment profit for the periods:

<i>(In millions)</i>	Q3 2019 versus Q3 2018	YTD 2019 versus YTD 2018
Volume and mix	\$ (4)	\$ (17)
Performance and other	6	6
Total change	\$ 2	\$ (11)

Textron Systems' segment profit increased \$2 million, 7%, in the third quarter of 2019, compared with the third quarter of 2018. In the first nine months of 2019, Textron Systems' segment profit decreased \$11 million, 9%, compared with the first nine months of 2018, primarily reflecting the impact from lower volume described above. Performance and other included an \$18 million gain recognized in the second quarter of 2019 related to our contribution of assets to a new training business we formed with FlightSafety International Inc., discussed in Note 6 to the Consolidated Financial Statements and lower net favorable program adjustments.

**Industrial**

<i>(Dollars in millions)</i>	Three Months Ended		Nine Months Ended	
	September 28, 2019	September 29, 2018	September 28, 2019	September 29, 2018
Revenues:				
Fuel systems and functional components	\$ 521	\$ 522	\$ 1,707	\$ 1,804
Specialized vehicles	429	408	1,164	1,231
Tools and test equipment	—	—	—	248
Total revenues	950	930	2,871	3,283
Operating expenses	903	929	2,698	3,138
Segment profit	47	1	173	145
Profit margin	4.9 %	0.1 %	6.0 %	4.4 %

**Industrial Revenues and Operating Expenses**

The following factors contributed to the change in Industrial's revenues for the periods:

<i>(In millions)</i>	Q3 2019 versus Q3 2018	YTD 2019 versus YTD 2018
Disposition	\$ —	\$ (248)
Volume and mix	6	(146)
Foreign exchange	(17)	(60)
Pricing	31	42
Total change	\$ 20	\$ (412)

Industrial segment revenues increased \$20 million, 2%, in the third quarter of 2019, compared with the third quarter of 2018, primarily due to a favorable impact of \$31 million from pricing, largely in the Specialized Vehicles product line, partially offset by an unfavorable impact of \$17 million from foreign exchange rate fluctuations.

In the first nine months of 2019, Industrial segment revenues decreased \$412 million, 13%, compared with the first nine months of 2018, largely due to the impact of \$248 million from the disposition of the Tools and Test Equipment product line and lower volume and mix of \$146 million at the remaining product lines.

Operating expenses for the Industrial segment decreased \$26 million, 3%, in the third quarter of 2019, compared the third quarter of 2018, primarily due to improved performance described below and a favorable impact from foreign exchange rate fluctuations. For the first nine months of 2019, operating expenses decreased \$440 million, 14%, compared with the first nine months of 2018, primarily due to lower operating expenses of \$226 million from the disposition of our Tools and Test Equipment product line, lower volume and mix described above and improved performance described below.

**Industrial Segment Profit**

The following factors contributed to the change in Industrial's segment profit for the periods:

<i>(In millions)</i>	Q3 2019 versus Q3 2018	YTD 2019 versus YTD 2018
Performance	\$ 31	\$ 82
Volume and mix	(4)	(40)
Disposition	—	(22)
Pricing, net of inflation	21	16
Foreign exchange	(2)	(8)
Total change	\$ 46	\$ 28

Segment profit for the Industrial segment increased \$46 million, in the third quarter of 2019, compared with the third quarter of 2018, primarily due to favorable performance of \$31 million and pricing, net of inflation of \$21 million, principally in the Specialized Vehicles product line.

Segment profit for the Industrial segment increased \$28 million, 19%, in the first nine months of 2019, compared with the first nine months of 2018, primarily due to favorable performance of \$82 million, principally in the Specialized Vehicles product line, partially offset by the impact from lower volume and mix described above and an impact of \$22 million from disposition of the Tools and Test Equipment product line.



**Finance**

<i>(In millions)</i>	Three Months Ended		Nine Months Ended	
	September 28, 2019	September 29, 2018	September 28, 2019	September 29, 2018
Revenues	\$ 14	\$ 15	\$ 47	\$ 48
Segment profit	5	3	17	14

Finance segment revenues and profit were largely unchanged in the third quarter and first nine months of 2019, respectively, compared with the corresponding periods of 2018. The following table reflects information about the Finance segment's credit performance related to finance receivables.

<i>(Dollars in millions)</i>	September 28, 2019	December 29, 2018
Finance receivables	\$ 755	\$ 789
Nonaccrual finance receivables	41	40
Ratio of nonaccrual finance receivables to finance receivables	5.43 %	5.07 %
60+ days contractual delinquency	\$ 36	\$ 14
60+ days contractual delinquency as a percentage of finance receivables	4.77 %	1.77 %

**Liquidity and Capital Resources**

Our financings are conducted through two separate borrowing groups. The Manufacturing group consists of Textron consolidated with its majority-owned subsidiaries that operate in the Textron Aviation, Bell, Textron Systems and Industrial segments. The Finance group, which also is the Finance segment, consists of Textron Financial Corporation and its consolidated subsidiaries. We designed this framework to enhance our borrowing power by separating the Finance group. Our Manufacturing group operations include the development, production and delivery of tangible goods and services, while our Finance group provides financial services. Due to the fundamental differences between each borrowing group's activities, investors, rating agencies and analysts use different measures to evaluate each group's performance. To support those evaluations, we present balance sheet and cash flow information for each borrowing group within the Consolidated Financial Statements.

Key information that is utilized in assessing our liquidity is summarized below:

<i>(Dollars in millions)</i>	September 28, 2019	December 29, 2018
<b>Manufacturing group</b>		
Cash and equivalents	\$ 931	\$ 987
Debt	3,477	3,066
Shareholders' equity	5,452	5,192
Capital (debt plus shareholders' equity)	8,929	8,258
Net debt (net of cash and equivalents) to capital	32 %	29 %
Debt to capital	39 %	37 %
<b>Finance group</b>		
Cash and equivalents	\$ 122	\$ 120
Debt	695	718

We believe that our calculations of debt to capital and net debt to capital are useful measures as they provide a summary indication of the level of debt financing (i.e., leverage) that is in place to support our capital structure, as well as to provide an indication of the capacity to add further leverage. We believe that we will have sufficient cash to meet our future needs, based on our existing cash balances, the cash we expect to generate from our manufacturing operations and other available funding alternatives, as appropriate.

On October 18, 2019, Textron entered into a senior unsecured revolving credit facility for an aggregate principal amount of \$1.0 billion, of which up to \$100 million is available for the issuance of letters of credit. Textron may elect to increase the aggregate amount of commitments under the facility to up to \$1.3 billion by designating an additional lender or by an existing lender agreeing to increase its commitment. The facility expires in October 2024, subject to up to two one-year extensions, at Textron's option with the consent of lenders representing a majority of the commitments under the facility. This new facility replaces the existing 5-year facility, which was scheduled to expire in September 2021. At September 28, 2019, there were no amounts borrowed against the existing facility.

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We also maintain an effective shelf registration statement filed with the Securities and Exchange Commission that allows us to issue an unlimited amount of public debt and other securities. Under this registration statement, in May 2019, we issued \$300 million of fixed-rate notes due September 2029 with an annual interest rate of 3.90%.

In June 2019, we amended the Finance Group's \$150 million fixed-rate loan due August 2019, extending the maturity date to June 2022 with a modified annual interest rate of 2.88%.

**Manufacturing Group Cash Flows**

Cash flows from continuing operations for the Manufacturing group as presented in our Consolidated Statements of Cash Flows are summarized below:

<i>(In millions)</i>	Nine Months Ended	
	September 28, 2019	September 29, 2018
Operating activities	\$ 205	\$ 734
Investing activities	(206)	681
Financing activities	(47)	(1,334)

In the first nine months of 2019, cash flows from operating activities was \$205 million, compared with \$734 million in the first nine months of 2018. The decrease in cash flows between the periods was largely the result of working capital requirements, which primarily reflected an increase of \$493 million in net cash used for inventory, principally at the Textron Aviation segment in support of future commercial aircraft sales.

In the first nine months of 2019 and 2018, investing cash flows included capital expenditures of \$216 million and \$233 million, respectively, partially offset by net proceeds received from corporate-owned life insurance policies of \$4 million and \$98 million, respectively. Investing cash flows in the first nine months of 2018 also included net cash proceeds of \$807 million from the disposition of the Tools and Test Equipment product line.

Cash flows used in financing activities in the first nine months of 2019 primarily included \$470 million of cash paid to repurchase an aggregate of 9.3 million shares of our outstanding common stock, partially offset by \$297 million of net proceeds from the issuance of long-term debt and \$118 million of net proceeds from the issuance of short-term debt. Cash flows used in financing activities in the first nine months of 2018 primarily included \$1.4 billion of cash paid to repurchase an aggregate of 21.6 million shares of our outstanding common stock

**Finance Group Cash Flows**

Cash flows from continuing operations for the Finance group as presented in our Consolidated Statements of Cash Flows are summarized below:

<i>(In millions)</i>	Nine Months Ended	
	September 28, 2019	September 29, 2018
Operating activities	\$ 21	\$ 13
Investing activities	72	53
Financing activities	(91)	(106)

In the first nine months of 2019, cash flows from operating activities for the Finance group was \$21 million, compared with \$13 million in the first nine months of 2018. The increase in cash flows between the periods was largely due to \$8 million of net tax payments in the first nine months of 2018.

The Finance group's cash flows from investing activities primarily included collections on finance receivables totaling \$149 million and \$160 million in the first nine months of 2019 and 2018, respectively, partially offset by finance receivable originations of \$107 million and \$131 million, respectively. Financing activities in both the first nine months of 2019 and 2018 reflected dividend payments of \$50 million to the Manufacturing group and payments on long-term and nonrecourse debt of \$41 million and \$56 million, respectively.

**Consolidated Cash Flows**

The consolidated cash flows from continuing operations, after elimination of activity between the borrowing groups, are summarized below:

<i>(In millions)</i>	Nine Months Ended	
	September 28, 2019	September 29, 2018
Operating activities	\$ 225	\$ 697
Investing activities	(183)	734
Financing activities	(88)	(1,390)

Consolidated cash flows from operating activities was \$225 million in the first nine months of 2019, compared with \$697 million in the first nine months of 2018. The decrease in cash flows between the periods was largely the result of working capital requirements, which primarily reflected an increase of \$462 million in net cash used for inventory, principally at the Textron Aviation segment in support of future commercial aircraft sales.

In the first nine months of 2019 and 2018, investing cash flows included capital expenditures of \$216 million and \$233 million respectively, partially offset by net proceeds received from corporate-owned life insurance policies of \$4 million and \$98 million, respectively. In the first nine months of 2018, investing cash flows also included net cash proceeds of \$807 million from the disposition of the Tools and Test Equipment product line.

Financing activities in the first nine months of 2019 and 2018 primarily included share repurchases of \$470 million and \$1.4 billion, respectively. In the first nine months of 2019, financing cash flows also included \$297 million and \$118 million of proceeds from the issuance of long-term debt and short-term debt, respectively.

**Captive Financing and Other Intercompany Transactions**

The Finance group provides financing primarily to purchasers of new and pre-owned Textron Aviation aircraft and Bell helicopters manufactured by our Manufacturing group, otherwise known as captive financing. In the Consolidated Statements of Cash Flows, cash received from customers is reflected as operating activities when received from third parties. However, in the cash flow information provided for the separate borrowing groups, cash flows related to captive financing activities are reflected based on the operations of each group. For example, when product is sold by our Manufacturing group to a customer and is financed by the Finance group, the origination of the finance receivable is recorded within investing activities as a cash outflow in the Finance group's statement of cash flows. Meanwhile, in the Manufacturing group's statement of cash flows, the cash received from the Finance group on the customer's behalf is recorded within operating cash flows as a cash inflow. Although cash is transferred between the two borrowing groups, there is no cash transaction reported in the consolidated cash flows at the time of the original financing. These captive financing activities, along with all significant intercompany transactions, are reclassified or eliminated from the Consolidated Statements of Cash Flows.

Reclassification adjustments included in the Consolidated Statements of Cash Flows are summarized below:

<i>(In millions)</i>	Nine Months Ended	
	September 28, 2019	September 29, 2018
Reclassification adjustments from investing activities:		
Cash received from customers	\$ 129	\$ 135
Finance receivable originations for Manufacturing group inventory sales	(107)	(131)
Other	27	(4)
Total reclassification adjustments from investing activities	49	—
Reclassification adjustments from financing activities:		
Dividends received by Manufacturing group from Finance group	(50)	(50)
Total reclassification adjustments to operating activities	\$ (1)	\$ (50)

**Critical Accounting Estimates Update**

Our Consolidated Financial Statements are prepared in conformity with U.S. generally accepted accounting principles, which require us to make estimates and assumptions that affect the amounts reported in the financial statements. The accounting estimates that we believe are most critical to the portrayal of our financial condition and results of operations are reported in Item 7 of our Annual Report on Form 10-K for the year ended December 29, 2018. The following section provides an update of the year-end disclosure.

**Revenue Recognition**

A substantial portion of our revenues is related to long-term contracts with the U.S. Government, including those under the U.S. Government-sponsored foreign military sales program, for the design, development, manufacture or modification of aerospace and defense products as well as related services. Due to the continuous transfer of control to the U.S. Government, we recognize revenue over the time that we perform under the contract. We generally use the cost-to-cost method to measure progress for our contracts because it best depicts the transfer of control to the customer that occurs as we incur costs on our contracts. Under this measure, the extent of progress towards completion is measured based on the ratio of costs incurred to date to the estimated costs at completion of the performance obligation, and revenue is recorded proportionally as costs are incurred.

Changes in our estimate of the total expected cost or in the transaction price for a contract typically impact our profit booking rate. We utilize the cumulative catch-up method of accounting to recognize the impact of these changes on our profit booking rate for a contract. Under this method, the inception-to-date impact of a profit adjustment on a contract is recognized in the period the adjustment is identified. The impact of our cumulative catch-up adjustments on revenues and segment profit recognized in prior periods is presented below:

<i>(In millions)</i>	<b>Three Months Ended</b>		<b>Nine Months Ended</b>	
	<b>September 28, 2019</b>	<b>September 29, 2018</b>	<b>September 28, 2019</b>	<b>September 29, 2018</b>
Gross favorable	\$ 41	\$ 79	\$ 140	\$ 205
Gross unfavorable	(20)	(16)	(61)	(38)
Net adjustments	\$ 21	\$ 63	\$ 79	\$ 167

### **Forward-Looking Information**

Certain statements in this Quarterly Report on Form 10-Q and other oral and written statements made by us from time to time are “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements, which may describe strategies, goals, outlook or other non-historical matters, or project revenues, income, returns or other financial measures, often include words such as “believe,” “expect,” “anticipate,” “intend,” “plan,” “estimate,” “guidance,” “project,” “target,” “potential,” “will,” “should,” “could,” “likely” or “may” and similar expressions intended to identify forward-looking statements. These statements are only predictions and involve known and unknown risks, uncertainties, and other factors that may cause our actual results to differ materially from those expressed or implied by such forward-looking statements. Given these uncertainties, you should not place undue reliance on these forward-looking statements. Forward-looking statements speak only as of the date on which they are made, and we undertake no obligation to update or revise any forward-looking statements. In addition to those factors described in our 2018 Annual Report on Form 10-K under “Risk Factors,” among the factors that could cause actual results to differ materially from past and projected future results are the following:

- Interruptions in the U.S. Government’s ability to fund its activities and/or pay its obligations;
- Changing priorities or reductions in the U.S. Government defense budget, including those related to military operations in foreign countries;
- Our ability to perform as anticipated and to control costs under contracts with the U.S. Government;
- The U.S. Government’s ability to unilaterally modify or terminate its contracts with us for the U.S. Government’s convenience or for our failure to perform, to change applicable procurement and accounting policies, or, under certain circumstances, to withhold payment or suspend or debar us as a contractor eligible to receive future contract awards;
- Changes in foreign military funding priorities or budget constraints and determinations, or changes in government regulations or policies on the export and import of military and commercial products;
- Volatility in the global economy or changes in worldwide political conditions that adversely impact demand for our products;
- Volatility in interest rates or foreign exchange rates;
- Risks related to our international business, including establishing and maintaining facilities in locations around the world and relying on joint venture partners, subcontractors, suppliers, representatives, consultants and other business partners in connection with international business, including in emerging market countries;
- Our Finance segment’s ability to maintain portfolio credit quality or to realize full value of receivables;
- Performance issues with key suppliers or subcontractors;
- Legislative or regulatory actions, both domestic and foreign, impacting our operations or demand for our products;
- Our ability to control costs and successfully implement various cost-reduction activities;
- The efficacy of research and development investments to develop new products or unanticipated expenses in connection with the launching of significant new products or programs;
- The timing of our new product launches or certifications of our new aircraft products;
- Our ability to keep pace with our competitors in the introduction of new products and upgrades with features and technologies desired by our customers;
- Pension plan assumptions and future contributions;
- Demand softness or volatility in the markets in which we do business;
- Cybersecurity threats, including the potential misappropriation of assets or sensitive information, corruption of data or operational disruption;
- Difficulty or unanticipated expenses in connection with integrating acquired businesses;
- The risk that acquisitions do not perform as planned, including, for example, the risk that acquired businesses will not achieve revenues and profit projections;
- The impact of changes in tax legislation; and
- The impact of the review of strategic alternatives for our Kautex business and any resulting transaction on Textron and on Kautex on a standalone basis, uncertainties as to the terms, structure and timing of any transaction and if a transaction will be completed, and whether the benefits of any transaction can be achieved.

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

There has been no significant change in our exposure to market risk during the fiscal quarter ended September 28, 2019. For discussion of our exposure to market risk, refer to Item 7A. Quantitative and Qualitative Disclosures about Market Risk contained in Textron's 2018 Annual Report on Form 10-K.

### Item 4. Controls and Procedures

We performed an evaluation of the effectiveness of our disclosure controls and procedures as of September 28, 2019. The evaluation was performed with the participation of senior management of each business segment and key Corporate functions, under the supervision of our Chairman, President and Chief Executive Officer (CEO) and our Executive Vice President and Chief Financial Officer (CFO). Based on this evaluation, the CEO and CFO concluded that our disclosure controls and procedures were operating and effective as of September 28, 2019.

There were no changes in our internal control over financial reporting during the fiscal quarter ended September 28, 2019 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## PART II. OTHER INFORMATION

### Item 1. Legal Proceedings

On August 22, 2019, a purported shareholder class action lawsuit was filed in the United States District Court in the Southern District of New York against Textron, its Chairman and Chief Executive Officer and its Chief Financial Officer. The suit, filed by Building Trades Pension Fund of Western Pennsylvania, alleges that the defendants violated the federal securities laws by making materially false and misleading statements and concealing material adverse facts related to the Arctic Cat acquisition and integration. The complaint seeks unspecified compensatory damages. Textron intends to vigorously defend this lawsuit.

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

The following provides information about our third quarter 2019 repurchases of equity securities that are registered pursuant to Section 12 of the Securities Exchange Act of 1934, as amended:

Period (shares in thousands)	Total Number of Shares Purchased *	Average Price Paid per Share (excluding commissions)	Total Number of Shares Purchased as part of Publicly Announced Plan *	Maximum Number of Shares that may yet be Purchased under the Plan
June 30, 2019 – August 3, 2019	750	\$ 49.91	750	9,440
August 4, 2019 – August 31, 2019	1,200	45.43	1,200	8,240
September 1, 2019 – September 28, 2019	350	49.74	350	7,890
Total	2,300	\$ 47.54	2,300	

\* These shares were purchased pursuant to a plan authorizing the repurchase of up to 40 million shares of Textron common stock that was announced on April 16, 2018. This plan has no expiration date.

### Item 5. Other Information

#### Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers

On October 23, 2019, the Board of Directors of Textron Inc. ("Textron") elected Lionel L. Nowell III as a member of the Board effective January 1, 2020. Mr. Nowell is the retired Senior Vice President and Treasurer of PepsiCo, Inc., a worldwide food and beverage company. Mr. Nowell will serve on the Board's Audit Committee and Nominating and Corporate Governance Committee.

Mr. Nowell will participate in Textron's Director Compensation Program as described in Exhibit 10.15 to Textron's Annual Report on Form 10-K for the fiscal year ended December 30, 2017, which is incorporated by reference herein. Pursuant to such program, Mr. Nowell will be issued 2,000 restricted shares of Textron Common Stock. Textron and Mr. Nowell also will enter into Textron's standard Directors Indemnity Agreement, pursuant to which Textron will, subject to certain limitations, indemnify Mr. Nowell in connection with any claim arising in connection with his service as a Textron Director and will advance and pay his expenses incurred in connection with such claims.

### **Entry into a Material Definitive Agreement**

On October 18, 2019, Textron Inc. ("Textron") entered into a senior unsecured revolving credit facility (the "Facility Agreement") with JPMorgan Chase Bank, N.A., as administrative agent, Bank of America, N.A. and Citibank, N.A., as syndication agents and MUFG Bank, Ltd., as documentation agent, and other lenders in an aggregate principal amount of \$1.0 billion. Textron may elect to increase the aggregate amount of commitments under the Facility Agreement to up to \$1.3 billion by designating an additional lender or by agreeing with an existing lender that such lender's commitment shall be increased. The Facility Agreement expires in October 2024, subject to up to two one-year extensions at Textron's option with the consent of lenders having more than 50% of the aggregate amount of commitments under the Facility Agreement. The Facility Agreement replaces the \$1.0 billion 5-year facility that was scheduled to expire in September 2021. The terms and conditions of the Facility Agreement are substantially the same as those in the facility being replaced.

Textron will have two options with respect to interest on syndicated borrowings under the Facility Agreement. The first option is for interest to be payable at a rate per annum equal to the Base Rate which is the greatest of (a) the Prime Rate, (b) the NYFRB Rate plus ½ of 1% and (c) the Adjusted LIBO Rate for a one month Interest Period, plus 1%, plus a margin ("Base Rate Margin") which can range from 0 basis points to 40 basis points depending on Textron's senior unsecured long-term debt ratings as determined by Standard & Poor's Ratings Service LLC ("S&P") and Moody's Investor Service, Inc. ("Moody's"). Notwithstanding the foregoing, the Base Rate shall be no less than 1%. Based on Textron's current S&P and Moody's ratings (BBB and Baa2, respectively) the Base Rate Margin would be 10 basis points. Alternatively, Textron may opt to pay interest at a rate equal to the sum of the applicable Adjusted LIBO Rate, plus a margin ("Eurodollar Margin") which can range from 91 basis points to 140 basis points depending upon Textron's ratings. This Eurodollar Margin would currently be 110 basis points.

Textron also will pay a quarterly facility fee under the Facility Agreement, regardless of borrowing activity. This fee will range from 9 basis points to 22.5 basis points, depending on Textron's ratings by S&P and Moody's. At Textron's current rating, the fee is 15 basis points.

The Facility Agreement provides that up to \$100 million is available for the issuance of letters of credit in lieu of borrowings. Letters of credit are subject to fronting fees and accrue charges at the Letter of Credit Fee Rate which is equivalent to the Eurodollar Margin.

The Facility Agreement contains covenants that, among other things:

- provide that Textron may not consolidate with, merge with or into, or sell all or substantially all of its assets to any other entity unless such entity expressly assumes all of Textron's obligations under the Facility Agreement;
- restrict the ability of Textron and its manufacturing subsidiaries to incur liens, other than certain permitted liens, including liens securing indebtedness not in excess of the Pooled Basket Amount (equal to 3% of the consolidated total assets of Textron and its manufacturing subsidiaries);
- restrict the ability of Textron's manufacturing subsidiaries to incur certain indebtedness in excess of the Pooled Basket Amount;
- require Textron to maintain the Finance Company Leverage Ratio (as such term is defined in the Facility Agreement) at no more than 9 to 1;
- require the Consolidated Indebtedness (as such term is defined in the Facility Agreement) of Textron and its manufacturing subsidiaries not to exceed 65% of Consolidated Capitalization (also as defined in the Facility Agreement).

The Facility Agreement contains customary Events of Default (as defined in the Facility Agreement); in addition, a Change of Control (also as defined in the Facility Agreement) triggers an Event of Default under the Facility Agreement. Upon the occurrence of an Event of Default, all loans outstanding under the Facility Agreement (including accrued interest and fees payable with respect thereto) may be declared immediately due and payable and all commitments under the Facility Agreement may be terminated.

The foregoing description of the Facility Agreement does not purport to be complete and is qualified in its entirety by reference to the text of the Facility Agreement, which is attached hereto as Exhibit 10.1 and is incorporated herein by reference.

### **Termination of a Material Definitive Agreement**

On October 18, 2019, coincident with the entry into the Facility Agreement reported above, the existing 5-Year Credit Agreement, dated as of September 30, 2016, among Textron, the Banks listed therein and JPMorgan Chase Bank, N.A., as Administrative Agent, was terminated prior to its stated September 2021 expiration date.

### **Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant**

The information described above under "Entry into a Material Definitive Agreement" is incorporated herein by reference.

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**Item 6. Exhibits**

- 10.1 [Credit Agreement, dated as of October 18, 2019, among Textron, the Lenders listed therein, JPMorgan Chase Bank, N.A., as Administrative Agent, Bank of America, N.A. and Citibank, N.A., as Syndication Agents, and MUFG Bank, Ltd., as Documentation Agent.](#)
- 31.1 [Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002](#)
- 31.2 [Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002](#)
- 32.1 [Certification of Chief Executive Officer Pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002](#)
- 32.2 [Certification of Chief Financial Officer Pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002](#)
- 101 The following materials from Textron Inc.'s Quarterly Report on Form 10-Q for the quarterly period ended September 28, 2019, formatted in Inline XBRL (eXtensible Business Reporting Language): (i) the Consolidated Statements of Operations, (ii) the Consolidated Statements of Comprehensive Income, (iii) the Consolidated Balance Sheets, (iv) the Consolidated Statements of Cash Flows and (v) the Notes to the Consolidated Financial Statements.
- 104 Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

**Signatures**

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

TEXTRON INC.

Date: October 23, 2019

/s/ Mark S. Bamford  
Mark S. Bamford  
Vice President and Corporate Controller  
(principal accounting officer)

CREDIT AGREEMENT

Dated as of October 18, 2019

among

TEXTRON INC.,

THE LENDERS LISTED HEREIN,

JPMORGAN CHASE BANK, N.A.,  
as Administrative Agent

and

BANK OF AMERICA, N.A.

and

CITIBANK, N.A.,  
as Syndication Agents

and

MUFG BANK, LTD.,  
as Documentation Agent

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JPMORGAN CHASE BANK, N.A.,  
BofA SECURITIES, INC.,

CITIBANK, N.A.

and

MUFG BANK, LTD.,  
Lead Arrangers and Joint Bookrunners

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Exhibit C	- Form of Opinion of Jayne M. Donegan, Esq. Executive Counsel of the Borrower
Exhibit D	- Form of Opinion of Davis Polk & Wardwell LLP
Exhibit E-1	- Form of Notice of Borrowing
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Exhibit F	- Form of Compliance Certificate
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## CREDIT AGREEMENT

CREDIT AGREEMENT, dated as of October 18, 2019, among TEXTRON INC., a Delaware corporation (together with its successors, the “**Borrower**”), the banks and other financial institutions signatory hereto (each a “**Lender**” and collectively the “**Lenders**”), JPMORGAN CHASE BANK, N.A., as Administrative Agent for the Lenders (together with its successors in such capacity, the “**Administrative Agent**”), BANK OF AMERICA, N.A. and CITIBANK, N.A., as Syndication Agents for the Lenders (together with their successors in such capacity, the “**Syndication Agents**”) and MUFG BANK, LTD, as Documentation Agent for the Lenders (together with its successors in such capacity, the “**Documentation Agent**”).

The Borrower, the Lenders and the Agents agree as follows:

### ARTICLE 1 DEFINITIONS AND ACCOUNTING TERMS

**Section 1.01.** *Definitions.* As used in this Agreement, and unless the context requires a different meaning, the following terms have the meanings indicated:

“**2016 Credit Agreement**” has the meaning assigned to that term in Section 3.01(e).

“**Additional Lender**” has the meaning assigned to that term in Section 2.15.

“**Adjusted LIBO Rate**” means, with respect to any borrowing of Eurodollar Rate Loans for any Interest Period, an interest rate *per annum* (rounded upwards, if necessary, to the next 1/16 of 1%) equal to (a) the Eurodollar Rate for such Interest Period multiplied by (b) the Statutory Reserve Rate.

“**Administrative Agent**” has the meaning assigned to that term in the introduction to this Agreement.

“**Administrative Fee**” has the meaning assigned to that term in Section 2.06(c)

“**Administrative Questionnaire**” means, with respect to each Lender, an administrative questionnaire in the form prepared by the Administrative Agent, completed by such Lender and returned to the Administrative Agent (with a copy to the Borrower).

“**Affected Lender**” means any Lender affected by any of the events described in Section 2.09(b)(i) or 2.09(c) hereof.

“**Affiliate**” means, with respect to any Person, any Person or group of Persons acting in concert in respect of the Person in question that, directly or indirectly, controls or is controlled by or is under common control with such Person. For the purposes of this definition, “control” (including, with correlative meanings, the terms “controlled by” and “under common control with”), as used with respect to any Person or group of Persons acting in concert, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of management and policies of such Person, whether through the ownership of voting securities or by contract or otherwise.

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“**Agent**” means any of the Administrative Agent, the Syndication Agents and the Documentation Agent.

“**Agreement**” means this Credit Agreement, as the same may at any time be amended, restated, amended and restated, supplemented or otherwise modified in accordance with the terms hereof.

“**Anti-Corruption Laws**” means the United States Foreign Corrupt Practices Act of 1977 and all other laws, rules, and regulations of any jurisdiction applicable to the Borrower and its Subsidiaries concerning or relating to bribery or corruption.

“**Applicable Lending Office**” means, for any Lender with respect to its Loans of any particular Type, the office, branch or affiliate of such Lender specified as the booking office therefor in such Lender’s Administrative Questionnaire, or such other office, branch or affiliate of such Lender as such Lender may specify from time to time for such purpose by notice to the Borrower and the Administrative Agent.

“**Applicable Parties**” has the meaning assigned to that term in Section 8.08.

“**Applicable Percentage**” means, with respect to any Lender, the percentage of the total Commitments represented by such Lender’s Commitment; *provided* that in the case of Section 2.13 when a Defaulting Lender shall exist, “Applicable Percentage” shall mean the percentage of the total Commitments (disregarding any Defaulting Lender’s Commitment) represented by such Lender’s Commitment. If the Commitments have terminated or expired, the Applicable Percentages shall be determined based upon the Commitments most recently in effect, giving effect to any assignments and to any Lender’s status as a Defaulting Lender at the time of determination.

“**Approved Electronic Platform**” has the meaning assigned to that term in Section 8.08.

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

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

“**Bankruptcy Code**” means Title 11 of the United States Code entitled “Bankruptcy,” as from time to time amended and any successor statutes.

“**Bankruptcy Event**” means, with respect to any Person, such Person becomes the subject of a bankruptcy or insolvency proceeding, or has had a receiver, conservator, trustee, administrator, custodian, assignee for the benefit of creditors or similar Person charged with the reorganization or liquidation of its business appointed for it, or, in the good faith determination of the Administrative Agent, has taken any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any such proceeding or appointment or has had any order for relief in such proceeding entered in respect thereof, *provided* that a Bankruptcy Event shall not

result solely by virtue of any ownership interest, or the acquisition of any ownership interest, in such Person by a Governmental Authority or instrumentality thereof, *provided, further*, that such ownership interest does not result in or provide such Person 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 Person (or such Governmental Authority or instrumentality) to reject, repudiate, disavow or disaffirm any obligations of such Person hereunder.

“**Base Rate**” means, for any day, a rate *per annum* equal to the greatest of (a) the Prime Rate in effect on such day, (b) the NYFRB Rate in effect on such day plus  $\frac{1}{2}$  of 1% and (c) the Adjusted LIBO Rate for a one month Interest Period on such day (or if such day is not a Business Day, the immediately preceding Business Day) plus 1%, provided that for the purpose of this definition, the Adjusted LIBO Rate for any day shall be based on the Eurodollar Screen Rate (or if the Eurodollar Screen Rate is not available for such one month Interest Period, the Interpolated Rate) at approximately 11:00 a.m. London time on such day. Any change in the Base Rate due to a change in the Prime Rate, the NYFRB Rate or the Adjusted LIBO Rate shall be effective from and including the effective date of such change in the Prime Rate, the NYFRB Rate or the Adjusted LIBO Rate, respectively. If the Base Rate is being used as an alternate rate of interest pursuant to Section 2.09(b), then the Base Rate shall be the greater of clauses (a) and (b) above and shall be determined without reference to clause (c) above. For the avoidance of doubt, if the Base Rate as determined pursuant to the foregoing would be less than 1.00%, such rate shall be deemed to be 1.00% for purposes of this Agreement.

“**Base Rate Loans**” are Loans whose interest rate is based on Base Rate.

“**Base Rate Margin**” has the meaning specified in the Pricing Schedule.

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

“**BHC Act Affiliate**” has the meaning assigned to that term in Section 9.19.

“**Board**” means the Board of Governors of the Federal Reserve System.

“**Borrower**” has the meaning assigned to that term in the introduction to this Agreement.

“**Borrowing**” means a borrowing of Loans hereunder.

“**Business Day**” means any day other than a Saturday, Sunday or other day on which commercial banks in New York City are required or authorized by law to close and, if such day relates to any Eurodollar Rate Loan, means any such day on which dealings in Dollar deposits are conducted by and between banks in the London interbank eurodollar market.

“**Capital Lease**”, as applied to any Person, means any lease of any property (whether real, personal or mixed) by that Person as lessee which, in conformity with GAAP, is accounted for as a capital lease or financing lease on the balance sheet of that Person.

“**Change of Control**” means that (a) any Person or group of Persons within the meaning of Section 13(d)(3) of the Exchange Act becomes the beneficial owner, directly or indirectly, of 40% or more of the outstanding common stock of the Borrower or (b) individuals who constitute the Continuing Directors cease for any reason to constitute at least a majority of the board of directors of the Borrower.

“**Code**” means the Internal Revenue Code of 1986, as from time to time amended. Any reference to the Code shall include a reference to corresponding provisions of any subsequent revenue law.

“**Commitment**” means (i) with respect to each Lender listed on the Commitment Schedule, the amount set forth opposite such Lender’s name on the Commitment Schedule, and (ii) with respect to any substitute Lender or Assignee which becomes a Lender pursuant to Section 2.15, 9.01 or 9.15, the amount of the transferor Lender’s Commitment assigned to it pursuant to Section 2.15, 9.01 or 9.15, as such amount may be changed from time to time pursuant to Section 2.07, 9.01 or 9.15; *provided* that, if the context so requires, the term “**Commitment**” means the obligation of a Lender to extend credit up to such amount to the Borrower hereunder.

“**Commitment Schedule**” means the Commitment Schedule attached hereto.

“**Communications**” has the meaning assigned to that term in Section 8.08.

“**Compliance Certificate**” means a certificate substantially in the form annexed hereto as Exhibit F delivered to the Lenders by the Borrower pursuant to Section 5.01(b)(i)(B).

“**Consolidated Capitalization**” means, as at any date of determination, the sum (without duplication) of (a) Consolidated Indebtedness of Textron Manufacturing *plus* (b) Consolidated Net Worth *plus* (c) preferred stock of the Borrower *plus* (d) other securities of the Borrower convertible (whether mandatorily or at the option of the holder) into capital stock of the Borrower.

“**Consolidated Indebtedness of Textron Manufacturing**” means, as at any date of determination, the sum of short-term and long-term indebtedness for borrowed money that is shown on a balance sheet of Textron Manufacturing (or would be if a balance sheet were prepared on such date).

“**Consolidated Net Worth**” means, as at any date of determination, the stockholders’ equity of the Borrower and its Subsidiaries on a consolidated basis (but excluding the effects of the Borrower’s accumulated other comprehensive income/loss) calculated in conformity with GAAP.

“**Continuing Director**” means any member of the board of directors of the Borrower who is (i) a director of the Borrower on the date of this Agreement, (ii) nominated by the board of directors of the Borrower or (iii) appointed by directors referred to in clauses (i) and (ii).

“**Contractual Obligation**”, as applied to any Person, means any provision of any security issued by that Person or of any material indenture, mortgage, deed of trust or other

similar instrument of that Person under which Indebtedness is outstanding or secured or by which that Person or any of its properties is bound or to which that Person or any of its properties is subject.

“**Covered Entity**” has the meaning assigned to that term in Section 9.19.

“**Defaulting Lender**” means, subject to Section 2.13(d), any Lender that (a) has failed, within two Business Days of the date required to be funded or paid, to (i) fund all or any portion of its Loans, (ii) fund all or any portion of its participations in Letters of Credit or (iii) pay over to any Agent or Issuing Lender any other amount required to be paid by it hereunder, unless, in the case of clause (i) above, such Lender notifies the Administrative Agent and the Borrower in writing that such failure is the result of such Lender’s reasonable determination that a condition precedent to funding (specifically identified and including the particular default, if any) has not been satisfied or, in the case of clause (iii) such payment is the subject of a good faith dispute, (b) has notified the Administrative Agent or the Borrower in writing, or has made a public statement to the effect, that it does not intend or expect to comply with all or any portion of its funding obligations under this Agreement (unless such writing or public statement indicates that such position is based on such Lender’s reasonable determination that a condition precedent (specifically identified and including the particular default, if any) to funding under this Agreement cannot be satisfied) or generally under other agreements in which it commits to extend credit, (c) has failed, within three Business Days after request by the Administrative Agent, acting in good faith, to provide a certification in writing from an authorized officer of such Lender that it will comply with its obligations to fund prospective Loans and participations in then outstanding Letters of Credit under this Agreement, *provided* that such Lender shall cease to be a Defaulting Lender pursuant to this clause (c) upon the Administrative Agent’s receipt of such certification in form and substance satisfactory to it, (d) has become the subject of a Bankruptcy Event or Bail-In Action or has a Parent that has become the subject of a Bankruptcy Event or Bail-In Action, or (e) has defaulted in fulfilling its funding obligations under one or more other agreements in which such Lender commits to extend credit (as reasonably determined by the Administrative Agent in consultation with the Borrower).

“**Default Right**” has the meaning assigned to that term in Section 9.19.

“**Designated Jurisdiction**” means any country, region or territory to the extent that such country, region or territory itself is the subject of comprehensive Sanctions, currently Crimea, Cuba, Iran, North Korea and Syria.

“**Documentation Agent**” means MUFG Bank, Ltd.

“**Dollar**”, “**Dollars**” and the sign “**\$**” mean the lawful currency of the United States.

“**Domestic Taxes**” has the meaning set forth in Section 2.14(a).

“**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.

“**Effective Date**” has the meaning assigned to that term in Section 9.16 hereof.

“**Electronic Signature**” means an electronic sound, symbol, or process attached to, or associated with, a contract or other record and adopted by a person with the intent to sign, authenticate or accept such contract or record.

“**ERISA**” means the Employee Retirement Income Security Act of 1974, as from time to time amended, and any successor statute.

“**ERISA Affiliate**” means, with respect to any Person, any trade or business (whether or not incorporated) which, together with such Person, is under common control as described in Section 414(c) of the Code or is a member of a controlled group, as defined in Section 414(b) of the Code, or is otherwise treated as a single employer under Section 414 of the Code, which includes such Person.

“**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.

“**Eurodollar Margin**” has the meaning specified in the Pricing Schedule.

“**Eurodollar Rate**” means, with respect to any borrowing of Eurodollar Rate Loans for any Interest Period, the Eurodollar Screen Rate at approximately 11:00 a.m., London time, two Business Days prior to the commencement of such Interest Period; provided that if the Eurodollar Screen Rate shall not be available at such time for such Interest Period (an “**Impacted Interest Period**”) then the Eurodollar Rate shall be the Interpolated Rate; provided that if the Eurodollar Rate determined in accordance with the foregoing would otherwise be less than zero, such rate shall be deemed to be zero for the purposes of this Agreement.

“**Eurodollar Rate Loans**” means Loans or portions thereof during the period in which such Loans bear interest at rates determined in accordance with Section 2.05(a)(i) hereof.

“**Eurodollar Screen Rate**” means, for any day and time, with respect to any borrowing of Eurodollar Rate Loans for any applicable currency and for any Interest Period, the London interbank offered rate as administered by ICE Benchmark Administration (or any other Person that takes over the administration of such rate for U.S. Dollars for a period equal in length to such Interest Period as displayed on such day and time on pages LIBOR01 or LIBOR02 of the Reuters screen that displays such rate (or, in the event such rate does not appear on a Reuters

page or screen, on any successor or substitute page on such screen that displays such rate, or on the appropriate page of such other information service that publishes such rate from time to time as selected by the Administrative Agent in its reasonable discretion) provided that if the Eurodollar Screen Rate shall be less than zero, such rate shall be deemed to be zero for the purposes of this Agreement.

“**Event of Default**” has the meaning assigned to that term in Article 7 hereof.

“**Exchange Act**” means the Securities Exchange Act of 1934, as from time to time amended, and any successor statutes.

“**Existing Letters of Credit**” means the letters of credit issued before the Effective Date and listed in Schedule 2.12(b) hereto.

“**Extension Agreement**” has the meaning assigned to that term in Section 2.01(d).

“**Extension Date**” has the meaning assigned to that term in Section 2.01(d).

“**Facility Fee Rate**” has the meaning specified in the Pricing Schedule.

“**FAS 842**” has the meaning assigned to that term in Section 3.01(e).

“**FATCA**” means Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof and any agreement entered into pursuant to Section 1471(b)(1) of the Code.

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

“**Finance Company**” means any Person which is (or would be but for the proviso to the definition of such term) a Subsidiary of the Borrower and which is primarily engaged in the business of a finance company.

“**Finance Company Leverage Ratio**” means, as of any date of determination, the ratio of (i) debt of the Finance Group at such date, determined in a manner consistent with “Finance group debt” on the Borrower’s consolidated balance sheet included in the Financial Statements, *less* securitized debt at such date, determined in a manner consistent with “Note 7. Debt and Credit Facilities” in the notes to the Financial Statements, to (ii) total Finance Group assets *less* total Finance Group liabilities at such date, each as set forth on the Borrower’s consolidated balance sheet for such date (or would be if a balance sheet were prepared on such date). Notwithstanding the foregoing, to the extent that the manner of determining “Finance group debt” and/or securitized debt changes during the term of this Agreement as a result of changes to

GAAP that apply to this Agreement as a result of Section 1.02, these amounts shall be determined in a manner consistent with GAAP as in effect as of the date of determination.

“**Finance Group**” means “Finance group” as defined in the Financial Statements.

“**Financial Statements**” has the meaning assigned to that term in Section 4.03.

“**Funding Date**” means the date of the funding of a Loan made pursuant to a Notice of Borrowing but does not mean the date of any conversion or continuation of the interest rate applicable to any Loan pursuant to a Notice of Conversion/Continuation.

“**GAAP**” means generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board as in effect from time to time.

“**Governmental Authority**” means any nation or government, any state or other political subdivision thereof and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

“**IBA**” has the meaning assigned to that term in Section 1.05.

“**Impacted Interest Period**” has the meaning assigned to it in the definition of Eurodollar Rate.

“**Increase Effective Date**” has the meaning assigned to that term in Section 2.15.

“**Increasing Lender**” has the meaning assigned to that term in Section 2.15.

“**Indebtedness**”, as applied to any Person, means, without duplication, (i) all indebtedness for borrowed money of that Person, (ii) that portion of obligations with respect to Capital Leases which is properly classified as a liability on a balance sheet of that Person in conformity with GAAP, (iii) notes payable of that Person and drafts accepted by that Person representing extensions of credit whether or not representing obligations for borrowed money, (iv) any obligation of that Person owed for all or any part of the deferred purchase price of property or services which purchase price is (a) due more than twelve months from the date of incurrence of the obligation in respect thereof, or (b) evidenced by a note or similar written instrument, (v) all non-contingent obligations of such Person to reimburse any bank or other Person in respect of amounts paid under a letter of credit or similar instrument, (vi) all indebtedness secured by any Lien on any property or asset owned by that Person regardless of whether the indebtedness secured thereby shall have been assumed by that Person or is nonrecourse to the credit of that Person and (vii) any guarantee of that Person, direct or indirect, of any indebtedness, note payable, draft accepted, or obligation described in clauses (i)-(vi) above of any other Person.

“**indemnified liabilities**” has the meaning assigned to that term in Section 9.03.

“**Indemnitees**” has the meaning assigned to that term in Section 9.03.

“**Initial Loans**” means the initial Loans made under this Agreement.

“**Interest Payment Date**” means, (x) with respect to any Eurodollar Rate Loan, the last day of each Interest Period applicable to such Eurodollar Rate Loan; *provided* that in the case of each Interest Period of six months, “**Interest Payment Date**” shall also include each Interest Period Anniversary Date (or if such day is not a Business Day, then the next succeeding Business Day) for such Interest Period and (y) in the case of any Base Rate Loan, the last Business Day of each calendar quarter.

“**Interest Period**” means any interest period applicable to a Eurodollar Rate Loan as determined pursuant to Section 2.05(b) hereof.

“**Interest Period Anniversary Date**” means, for each Interest Period applicable to a Eurodollar Rate Loan which is six months, the three-month anniversary of the commencement of that Interest Period.

“**Interest Rate Determination Date**” means each date for calculating the Adjusted LIBO Rate for purposes of determining the interest rate in respect of an Interest Period. The Interest Rate Determination Date shall be the second Business Day prior to the first day of the related Interest Period.

“**Interpolated Rate**” means, at any time, for any Interest Period, the rate per annum (rounded to the same number of decimal places as the Eurodollar Screen Rate) determined by the Administrative Agent (which determination shall be conclusive and binding absent manifest error) to be equal to the rate that results from interpolating on a linear basis between: (a) the Eurodollar Screen Rate for the longest period (for which the Eurodollar Screen Rate is available) that is shorter than the Impacted Interest Period; and (b) the Eurodollar Screen Rate for the shortest period (for which the Eurodollar Screen Rate is available) that exceeds the Impacted Interest Period, in each case, at such time.

“**ISP**” means, with respect to any Letter of Credit, the “International Standby Practices 1998” published by International Chamber of Commerce, Publication No. 590 (or such later version thereof as may be in effect at the time of issuance).

“**Issuing Lender**” means each of JPMorgan Chase, Bank of America, N.A., Citibank, N.A., MUFG Bank, Ltd. and any other Lender designated by the Borrower that agrees to issue letters of credit hereunder pursuant to an instrument in form reasonably satisfactory to the Administrative Agent, each in its capacity as an issuer of a Letter of Credit hereunder. The Issuing Lender may, in its discretion, arrange for one or more Letters of Credit to be issued by Affiliates of the Issuing Lender, in which case the term “Issuing Lender” shall include any such Affiliate with respect to Letters of Credit issued by such Affiliate. Any Lender which is the issuer of an Existing Letter of Credit is an Issuing Lender with respect thereto and each reference herein to the Issuing Lender shall be deemed to be a reference to the relevant Issuing Lender (or, if applicable, each Issuing Lender collectively).

“**JPMorgan Chase**” means JPMorgan Chase Bank, N.A., and its successors.

“**Lead Arrangers**” means JPMorgan Chase, BofA Securities, Inc., Citibank, N.A. and MUFG Bank, Ltd.

“**Lender**” and “**Lenders**” have the respective meanings assigned to those terms in the introduction to this Agreement and its or their successors and permitted assigns. Unless the context otherwise requires, any reference herein to “Lender” (including each such reference in any indemnification, exculpation or expense reimbursement provision of this Agreement) shall include each Issuing Lender.

“**Letter of Credit**” means a letter of credit to be issued hereunder by an Issuing Lender.

“**Letter of Credit Commitment**” means, for each Issuing Lender, (i) the amount set forth on Schedule 2.12(a) of this Agreement opposite its name thereon under the heading “Letter of Credit Commitment” or if an Issuing Lender has entered into an Assignment and Assumption Agreement pursuant to Section 9.01(e) hereunder, the amount set forth for such Issuing Lender as its Letter of Credit Commitment in the Register maintained by the Administrative Agent. The Borrower may, at any time and from time to time, reduce or increase the Letter of Credit Commitment of any Issuing Lender with the consent of the applicable Issuing Lender.

“**Letter of Credit Fee Rate**” has the meaning specified in the Pricing Schedule.

“**Letter of Credit Liabilities**” means, for any Lender and at any time, such Lender’s Applicable Percentage of the sum of (x) the aggregate amount then owing by the Borrower in respect of amounts paid by the Issuing Lender upon a drawing under a Letter of Credit issued hereunder and (y) the aggregate amount then available for drawing under all outstanding Letters of Credit.

“**Lien**” means any lien, mortgage, pledge, security interest, charge or encumbrance of any kind (including any conditional sale or other title retention agreement, any lease in the nature thereof, and any agreement to give any security interest).

“**Loan**” means a loan made pursuant to Section 2.01 of this Agreement.

“**Loan Documents**” means this Agreement, including without limitation, schedules and exhibits hereto and any agreements entered into in connection herewith, including amendments, modifications or supplements thereto or waivers thereof, the Notes and any other documents prepared in connection with the other Loan Documents, if any.

“**Loans and Principal Payments Schedule**” has the meaning assigned to that term in Section 2.03(b).

“**Margin Stock**” has the meaning assigned to that term in Regulation U of the Board as in effect from time to time.

“**Material Adverse Effect**” means a material adverse effect on (i) the business, operations, properties, assets or financial condition of the Borrower and its Subsidiaries, taken as a whole, (ii) the ability of the Borrower to perform any of its material payment obligations under

this Agreement and the Notes or (iii) the validity or enforceability of, or the rights of or remedies available to the Lenders under, this Agreement and the Notes.

“**Multiemployer Plan**” has the meaning assigned to that term in Section 4001(a)(3) of ERISA.

“**Note**” shall have the meaning set forth in Section 2.03(b) hereof.

“**Notice of Borrowing**” means a notice described in Section 2.01(b) hereof substantially in the form of Exhibit E-1 hereto.

“**Notice of Conversion/Continuation**” means any notice delivered pursuant to Section 2.02(a) hereof, which shall be substantially in the form of Exhibit E-2 hereto.

“**Notice of Issuance**” means any notice delivered pursuant to Section 2.12(c) hereof.

“**NYFRB**” means the Federal Reserve Bank of New York.

“**NYFRB Rate**” means, for any day, the greater of (a) the Federal Funds Rate in effect on such day and (b) the Overnight Bank Funding Rate in effect on such day (or for any day that is not a Banking Day, for the immediately preceding Banking Day); provided that if none of such rates are published for any day that is a Business Day, the term “NYFRB Rate” means the rate for a federal funds transaction quoted at 11:00 a.m. on such day received by the Administrative Agent from a Federal funds broker of recognized standing selected by it; provided, further, that if any of the aforesaid rates shall be less than zero, such rate shall be deemed to be zero for purposes of this Agreement.

“**Officer’s Certificate**” means, as applied to any corporation, a certificate executed on behalf of such corporation by its Chairman of the Board (if an officer), its President, any Vice President of such corporation, its Chief Financial Officer, its Treasurer or any Assistant Treasurer of such corporation.

“**Other Taxes**” has the meaning set forth in Section 2.14(b).

“**Overnight Bank Funding Rate**” means, for any day, the rate comprised of both overnight federal funds and overnight Eurodollar borrowings by U.S.-managed banking offices of depository institutions, as such composite rate shall be determined by the NYFRB as set forth on its public website from time to time, and published on the next succeeding Business Day by the NYFRB as an overnight bank funding rate.

“**Parent**” means, with respect to any Lender, any Person as to which such Lender is, directly or indirectly, a subsidiary.

“**Participant Register**” has the meaning set forth in Section 9.01(f).

“**Patriot Act**” means the USA PATRIOT Act (Title III of Pub. L. 107-56).

“**Payment Date**” has the meaning assigned to that term in Section 2.12(d).

“**PBGC**” means the Pension Benefit Guaranty Corporation created by Section 4002(a) of ERISA or any successor thereto.

“**Pension Plan**” means any plan (other than a Multiemployer Plan) described in Section 4021(a) of ERISA and not excluded pursuant to Section 4021(b) thereof, which may be, is or has been established or maintained, or to which contributions may be, are or have been made by the Borrower or any of its ERISA Affiliates or as to which the Borrower or any of its ERISA Affiliates would be considered as a “**contributing sponsor**” for purposes of Title IV of ERISA at any relevant time.

“**Permitted Encumbrances**” means:

(i) Liens for taxes, assessments or governmental charges or claims the payment of which is not at the time required by Section 5.03;

(ii) Statutory Liens of landlords and Liens of carriers, warehousemen, mechanics, materialmen and other liens imposed by law incurred in the ordinary course of business for sums not yet delinquent or being contested in good faith, if such reserve or other appropriate provision, if any, as shall be required by generally accepted accounting principles then in effect, shall have been made therefor;

(iii) Liens (other than any Lien imposed by ERISA) incurred or deposits made in the ordinary course of business in connection with workers’ compensation, unemployment insurance and other types of social security, or to secure the performance of tenders, statutory obligations, bids, leases, government contracts, performance and return-of-money bonds and other similar obligations (exclusive of obligations for the payment of borrowed money);

(iv) Any attachment or judgment Lien individually or in the aggregate not in excess of \$100,000,000 unless the judgment it secures shall, within 30 days after the entry thereof, not have been discharged or execution thereof stayed pending appeal, or shall not have been discharged within 30 days after the expiration of any such stay;

(v) Leases or subleases granted to others not interfering in any material respect with the business of the Borrower or any of its Subsidiaries;

(vi) Easements, rights-of-way, restrictions, minor defects or irregularities in title and other similar charges or encumbrances not interfering in any material respect with the ordinary conduct of the business of the Borrower or any of its Subsidiaries;

(vii) Any interest or title of a lessor under any lease;

(viii) Liens arising from UCC financing statements regarding leases;

(ix) Liens in favor of customs and revenue authorities arising as a matter of law to secure payment of customs duties in connection with the importation of goods incurred in the ordinary course of business; and

(x) Liens (a) of a collection bank on the items in the course of collection, (b) attaching to investment accounts, trading accounts or brokerage accounts incurred in the ordinary course of business, (c) in favor of a banking or other financial institution arising as a matter of law encumbering deposits or other funds maintained with a financial institution (including the right of set off) and which are customary in the banking industry, (d) attaching to other prepayments, deposits or earnest money in the ordinary course of business and (e) attaching to cash collateral posted pursuant to a hedging, swap or similar contract entered into in the ordinary course of business.

“**Person**” means and includes natural persons, corporations, limited partnerships, general partnerships, joint stock companies, joint ventures, associations, companies, trusts, banks, trust companies, land trusts, business trusts or other organizations, whether or not legal entities, and any Governmental Authority.

“**Pooled Basket Amount**” means 3% of the consolidated total assets of Textron Manufacturing and its Subsidiaries, all as determined in accordance with GAAP on a consolidated basis for Textron Manufacturing and its Subsidiaries.

“**Potential Event of Default**” means a condition or event which, after notice or lapse of time or both, would constitute an Event of Default if that condition or event were not cured or removed within any applicable grace or cure period.

“**Pricing Schedule**” means the Pricing Schedule attached hereto.

“**Prime Rate**” means the rate of interest last quoted by The Wall Street Journal as the “Prime Rate” in the U.S. or, if The Wall Street Journal ceases to quote such rate, the highest per annum interest rate published by the Board in Federal Reserve Statistical Release H.15 (519) (Selected Interest Rates) as the “bank prime loan” rate or, if such rate is no longer quoted therein, any similar rate quoted therein (as determined by the Administrative Agent) or any similar release by the Board (as determined by the Administrative Agent). Each change in the Prime Rate shall be effective from and including the date such change is publicly announced or quoted as being effective.

“**Pro Rata Share or *pro rata* Share**” means, when used with reference to any Lender and any described aggregate or total amount, the percentage designated as such Lender’s Pro Rata Share set forth under the name of such Lender on the applicable signature page of this Agreement, as such *pro rata* Share may be adjusted pursuant to the terms of this Agreement.

“**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.

“**Purchasing Lender**” has the meaning specified in Section 9.01(c).

“**QFC**” has the meaning assigned to that term in Section 9.19.

“**QFC Credit Support**” has the meaning assigned to that term in Section 9.19.

“**Regulation D**” means Regulation D of the Board as from time to time in effect and any successor to all or a portion thereof establishing reserve requirements.

“**Regulation T**” means Regulation T of the Board as from time to time in effect and any successor to all or a portion thereof.

“**Regulation U**” means Regulation U of the Board as from time to time in effect and any successor to all or a portion thereof.

“**Regulation X**” means Regulation X of the Board as from time to time in effect and any successor to all or a portion thereof.

“**Reimbursement Obligation**” has the meaning specified in Section 2.12(d).

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

“**Reportable Event**” means a “**reportable event**” described in Section 4043(c) of ERISA or in the regulations thereunder notice of which to PBGC is required within 30 days after the occurrence thereof, or receipt of a notice of withdrawal liability with respect to a Multiemployer Plan pursuant to Section 4202 of ERISA.

“**Required Lenders**” means, as at any time any determination thereof is to be made, the Lenders holding more than 50% of the Total Commitment or, if no Commitments are in effect, more than 50% of the Total Outstanding Amount (exclusive in each case of the Commitment, Loans and Letter of Credit Liabilities of any Defaulting Lender).

“**Restricted Subsidiary**” means each Subsidiary (or a group of Subsidiaries that would constitute a Restricted Subsidiary if consolidated and which are engaged in the same or related lines of business) of the Borrower now existing or hereafter acquired or formed by the Borrower which (x) for the most recent fiscal year of the Borrower, accounted for more than 5% of the consolidated revenues of the Borrower and its Subsidiaries, or (y) as at the end of such fiscal year, was the owner of more than 5% of the consolidated assets of the Borrower and its Subsidiaries. For purposes of this definition, the proviso to the definition of Subsidiary shall not be applicable.

“**Sanctions**” means any international economic or financial sanctions or trade embargoes administered or enforced by the U.S. Department of the Treasury’s Office of Foreign Assets Control, the U.S. Department of State, the United Nations Security Council, the European Union, or Her Majesty’s Treasury (UK).

“**Securities Act**” means the Securities Act of 1933, as from time to time amended, and any successor statutes.

“**Statutory Reserve Rate**” means a fraction (expressed as a decimal), the numerator of which is the number one and the denominator of which is the number one minus the aggregate of the maximum reserve percentage (including any marginal, special, emergency or supplemental

reserves) expressed as a decimal established by the Board to which the Administrative Agent is subject with respect to the Adjusted LIBO Rate, for eurocurrency funding (currently referred to as “Eurocurrency Liabilities” in Regulation D). Such reserve percentage shall include those imposed pursuant to Regulation D. Eurodollar Rate Loans shall be deemed to constitute eurocurrency funding and to be subject to such reserve requirements without benefit of or credit for proration, exemptions or offsets that may be available from time to time to any Lender under such Regulation D or any comparable regulation. The Statutory Reserve Rate shall be adjusted automatically on and as of the effective date of any change in any reserve percentage.

“**Stop Issuance Notice**” has the meaning assigned to that term in Section 2.12(g).

“**Subsidiary**” means, with respect to any Person, any corporation, association or other business entity of which more than 50% of the total voting power of shares of stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of such Person or a combination thereof; provided, however, that (i) no Finance Company or any Subsidiary of any Finance Company and (ii) no Person having consolidated assets less than \$1,000,000 shall be treated as a Subsidiary of the Borrower.

“**Supported QFC**” has the meaning assigned to that term in Section 9.19.

“**Syndication Agents**” means Bank of America, N.A. and Citibank, N.A.

“**Taxes**” has the meaning set forth in Section 2.14(a).

“**Termination Date**” means October 18, 2024, or such later date to which the Termination Date then in effect may be extended pursuant to Section 2.01(d), or if any such day is not a Business Day, the next preceding Business Day.

“**Termination Event**” means (i) a Reportable Event with respect to any Pension Plan, or (ii) the withdrawal of the Borrower or any of its ERISA Affiliates from a Pension Plan during a plan year in which it was a “**substantial employer**” as defined in Section 4001(a)(2) of ERISA, or (iii) the filing of a notice of intent to terminate a Pension Plan (including any such notice with respect to a Pension Plan amendment referred to in Section 4041(e) of ERISA), or (iv) the institution of proceedings to terminate a Pension Plan by the PBGC, or (v) any other event or condition which, to the best knowledge of the Borrower or any of its ERISA Affiliates, would constitute grounds under Section 4042(a) of ERISA for the termination of, or the appointment of a trustee to administer, any Pension Plan.

“**Textron Manufacturing**” means the Borrower and any Subsidiary of the Borrower that is not a Finance Company; *provided* that, for purposes of this definition, the exclusion set forth in subsection (ii) in the definition of Subsidiary shall be disregarded.

“**Total Commitment**” means, as at any date of determination, the aggregate Commitments of all Lenders then in effect (as such Commitments may be reduced from time to time pursuant to Section 2.07(a) hereof). The original amount of the Total Commitment is \$1,000,000,000.

“**Total Outstanding Amount**” means, at any time, the sum of (i) the aggregate outstanding principal amount of the Loans *plus*, without duplication, (ii) the aggregate amount of the Letter of Credit Liabilities of all Lenders at such time.

“**Type**” means the designation of a Loan as either a Base Rate Loan or a Eurodollar Rate Loan.

“**U.S. Special Resolution Regimes**” has the meaning assigned to that term in 9.19.

“**Withholding Agent**” has the meaning set forth in Section 2.14(a).

“**Write-Down and Conversion Powers**” means, with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule.

**Section 1.02. Accounting Terms and Determinations.** (a) Unless otherwise specified herein, all accounting terms used herein shall be interpreted, all accounting determinations hereunder shall be made, and all financial statements required to be delivered hereunder shall be prepared in accordance with GAAP, applied on a basis consistent (except for changes concurred in by the Borrower’s independent public accountants) with the most recent audited consolidated financial statements of the Borrower and its consolidated subsidiaries delivered to the Lenders; *provided that*, if the Borrower notifies the Administrative Agent that the Borrower wishes to amend any covenant in Article 6 to eliminate the effect of any change in GAAP on the operation of such covenant (or if the Administrative Agent notifies the Borrower that the Required Lenders wish to amend Article 6 for such purpose), then the Borrower’s compliance with such covenant shall be determined on the basis of GAAP in effect immediately before the relevant change in GAAP became effective, until either such notice is withdrawn or such covenant is amended in a manner satisfactory to the Borrower and the Required Lenders; *provided further* that the implementation of Statement of Financial Accounting Standards No. 142 shall not be deemed a change in GAAP for purposes of the preceding proviso. Notwithstanding any other provision contained herein, all terms of an accounting or financial nature used herein shall be construed, and all computations of amounts and ratios referred to herein shall be made, without giving effect to any election under Statement of Financial Accounting Standards No. 159 (or any other Financial Accounting Standard having a similar result or effect) to value any Indebtedness or other liabilities of the Borrower or any Subsidiary at “fair value”, as defined therein.

(b) Notwithstanding anything to the contrary in Section 1.02(a) or in the definition of “Capital Lease”, any change in accounting for leases pursuant to GAAP resulting from the adoption of Financial Accounting Standards Board Accounting Standards Update No. 2016-02, Leases (Topic 842) (“FAS 842”), to the extent such adoption would require treating any lease (or similar arrangement conveying the right to use) as a capital lease where such lease (or similar arrangement) would not have been required to be so treated under GAAP as in effect on December 31, 2015, such lease shall be considered a capital lease, and all calculations and deliverables under this Agreement or any other Loan Document shall be made or delivered, as applicable, in accordance therewith.

**Section 1.03. 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 document related to such Letter of Credit, 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.

**Section 1.04. Divisions.** For all purposes under the Loan Documents, in connection with any division or plan of division under Delaware law (or any comparable event under a different jurisdiction's laws): (a) if any asset, right, obligation or liability of any Person becomes the asset, right, obligation or liability of a different Person, then it shall be deemed to have been transferred from the original Person to the subsequent Person, and (b) if any new Person comes into existence, such new Person shall be deemed to have been organized and acquired on the first date of its existence by the holders of its equity interests at such time.

**Section 1.05. Interest Rates; LIBOR Notification.** The interest rate on Eurodollar Rate Loans is determined by reference to the Adjusted LIBO Rate, which is derived from the London interbank offered rate. The London interbank offered rate is intended to represent the rate at which contributing banks may obtain short-term borrowings from each other in the London interbank market. In July 2017, the U.K. Financial Conduct Authority announced that, after the end of 2021, it would no longer persuade or compel contributing banks to make rate submissions to the ICE Benchmark Administration (together with any successor to the ICE Benchmark Administrator, the "IBA") for purposes of the IBA setting the London interbank offered rate. As a result, it is possible that commencing in 2022, the London interbank offered rate may no longer be available or may no longer be deemed an appropriate reference rate upon which to determine the interest rate on Eurodollar Rate Loans. In light of this eventuality, public and private sector industry initiatives are currently underway to identify new or alternative reference rates to be used in place of the London interbank offered rate. In the event that the London interbank offered rate is no longer available or in certain other circumstances as set forth in Section 2.09(b) of this Agreement, such Section 2.09(b) provides a mechanism for determining an alternative rate of interest. The Administrative Agent will notify the Borrower, pursuant to Section 2.09(b), in advance of any change to the reference rate upon which the interest rate on Eurodollar Rate Loans is based. However, the Administrative Agent does not warrant or accept any responsibility for, and shall not have any liability with respect to, the administration, submission or any other matter related to the London interbank offered rate or other rates in the definition of "Adjusted LIBO Rate" or with respect to any alternative or successor rate thereto, or replacement rate thereof, including without limitation, whether the composition or characteristics of any such alternative, successor or replacement reference rate, as it may or may not be adjusted pursuant to Section 2.09(b), will be similar to, or produce the same value or economic equivalence of, the Adjusted LIBO Rate or have the same volume or liquidity as did the London interbank offered rate prior to its discontinuance or unavailability.

## ARTICLE 2

### AMOUNTS AND TERMS OF COMMITMENTS AND LOANS

#### Section 2.01. *Commitments.*

(a) *Loans.* Subject to the terms and conditions of this Agreement and in reliance upon the representations and warranties of the Borrower herein set forth, each Lender hereby severally agrees to lend in Dollars to the Borrower from time to time during the period from and including the Effective Date to but not including the Termination Date its *pro rata* Share of the Total Commitment. Each Lender's Commitment and the Total Commitment shall expire in full on the Termination Date.

Amounts borrowed under this Section 2.01(a) may, subject to the limitations set forth in this Agreement, be repaid and, up to but excluding the Termination Date, be reborrowed. The Borrower hereby unconditionally promises to pay to the Administrative Agent for the account of each Lender the then unpaid principal amount of each Loan and all other amounts owed hereunder with respect to the Loans in full no later than the Termination Date.

Borrowings on any Funding Date with respect to a Loan under this Section 2.01(a) shall be in Dollars, in an aggregate minimum amount of \$10,000,000 and integral multiples of \$1,000,000 in excess of that amount or, if less, the unutilized amount of the Total Commitment. Notwithstanding the foregoing, no Loan may be borrowed if the Total Outstanding Amount, after giving effect to the Loan so requested and all other Loans then requested which have not yet been funded, shall exceed the Total Commitment then in effect.

(b) *Notice of Borrowing.* Subject to Section 2.01(a), whenever the Borrower desires to borrow under this Section 2.01, it shall deliver to the Administrative Agent a Notice of Borrowing (x) in the case of a Base Rate Loan, by no later than 1:00 p.m. (New York City time) on the proposed Funding Date and (y) in the case of a Eurodollar Rate Loan, by no later than 10:30 a.m. (New York City time) three Business Days in advance of the proposed Funding Date. The Notice of Borrowing shall be signed by an authorized officer of the Borrower and shall specify (i) the proposed Funding Date (which shall be a Business Day), (ii) the amount of the proposed Loans, (iii) whether such Loans are to consist of Base Rate Loans or Eurodollar Rate Loans or a combination thereof and the amounts thereof, and (iv) in the case of Eurodollar Rate Loans, the Interest Period therefor.

Except as provided in Sections 2.01(c) and 2.09(d), a Notice of Borrowing for a Eurodollar Rate Loan shall be irrevocable on and after the related Interest Rate Determination Date, and the Borrower shall be bound to make a borrowing in accordance therewith.

(c) *Disbursement of Funds.* Promptly after receipt of a Notice of Borrowing pursuant to Section 2.01(b) with respect to a Loan, the Administrative Agent shall notify each Lender of the proposed borrowing. Each Lender shall make its *pro rata* Share of the amount of such Loans available to the Administrative Agent in same day funds not later than (x) in the case of a Base Rate Loan, 3:00 p.m. (New York City time) on the Funding Date and (y) in the case of a Eurodollar Rate Loan, 12:00 noon (New York City time) on the Funding Date. Such Loans of a Lender shall be equal to such Lender's *pro rata* Share of the aggregate amount of all such Loans

requested by the Borrower pursuant to the applicable Notice of Borrowing. Upon satisfaction or waiver of the conditions precedent specified in Section 3.01 (in the case of the Initial Loans) and Section 3.02 (in the case of all Loans) the Administrative Agent shall make the proceeds of such Loans available to the Borrower by causing an amount of funds equal to the proceeds of all such Loans received by the Administrative Agent to be credited to an account in New York City designated by the Borrower in same day funds.

Unless the Administrative Agent shall have been notified by any Lender prior to any Funding Date (or, in the case of Base Rate Loans, not later than 3:00 p.m. (New York City time) on the Funding Date) in respect of any Loan that such Lender does not intend to make available to the Administrative Agent such *pro rata* Share of such Loan on such Funding Date, the Administrative Agent may assume that such Lender has made such amount available to the Administrative Agent on such Funding Date and the Administrative Agent in its sole discretion may, but shall not be obligated to, make available to the Borrower a corresponding amount on such Funding Date. If such corresponding amount is not in fact made available to the Administrative Agent by such Lender, the Administrative Agent shall be entitled to recover such corresponding amount on prompt demand from such Lender together with interest thereon, for each day from such Funding Date until the date such amount is paid to the Administrative Agent at the customary rate set by the Administrative Agent for the correction of errors among Lenders for three Business Days and thereafter at the Base Rate. If such Lender does not pay such corresponding amount forthwith upon the Administrative Agent's demand therefor, the Administrative Agent shall promptly notify the Borrower and the Borrower shall immediately pay such corresponding amount to the Administrative Agent. Nothing in this Section 2.01(c) shall be deemed to relieve any Lender from its obligation to fulfill its Commitment hereunder or to prejudice any rights which the Borrower may have against any Lender as a result of any default by such Lender hereunder.

(d) *Extension of Commitments.*

(i) The Commitments may be extended, if at the time no Potential Event of Default or Event of Default has occurred and is continuing, in the manner and amount set forth in this Section 2.01(d), for a period of one year measured from the Termination Date then in effect (the date of effectiveness of such extension, an "**Extension Date**"). If the Borrower wishes to request an extension of each Lender's Commitment, it shall give notice to that effect to the Administrative Agent not less than 30 days prior to the Termination Date then in effect, whereupon the Administrative Agent shall promptly notify each of the Lenders of such request. Each Lender will use its best efforts to respond to such request, whether affirmatively or negatively, as it may elect in its sole discretion, within 20 days of such request to the Administrative Agent. If any Lender shall not have responded affirmatively within such 20-day period, such Lender shall be deemed to have rejected the Borrower's proposal to extend its Commitment, and only the Commitments of those Lenders which have responded affirmatively shall be extended, subject to receipt by the Administrative Agent of counterparts of an Extension Agreement in substantially the form of Exhibit H hereto (the "**Extension Agreement**") duly completed and signed by the Borrower, the Administrative Agent and all of the Lenders which have responded affirmatively. No extension of the Commitments pursuant to this Section 2.01(d) shall be legally binding on any party hereto unless and until such

Extension Agreement is so executed and delivered by the Required Lenders; *provided* that (i) the Termination Date may only be so extended for two one-year periods, (ii) no such extension may occur more than once in any twelve-month period and (iii) no such extension shall result in a Termination Date for any Lender that is more than five years after the relevant Extension Date.

(ii) If any Lender rejects, or is deemed to have rejected, the Borrower's proposal to extend its Commitment, (A) this Agreement shall terminate on the Termination Date then in effect with respect to such Lender, (B) the Borrower shall pay to such Lender on such Termination Date any amounts due and payable to such Lender on such date and (C) the Borrower may, if it so elects, designate a Person not theretofore a Lender and acceptable to the Administrative Agent to become a Lender, or agree with an existing Lender that such Lender's Commitment shall be increased, *provided* that the aggregate amount of the Commitments following any designation or agreement may not exceed the aggregate amount of the Commitments on the date hereof. Upon execution and delivery by the Borrower and such replacement Lender or other Person of an instrument of assumption in form and amount satisfactory to the Administrative Agent and execution and delivery of the Extension Agreement pursuant to Section 2.01(d)(i), such existing Lender shall have a Commitment as therein set forth or such other Person shall become a Lender with a Commitment as therein set forth and all the rights and obligations of a Lender with such a Commitment hereunder. On the date of termination of any Lender's Commitment as contemplated by this paragraph, the respective participations of the other Lenders in all outstanding Letters of Credit shall be redetermined on the basis of their respective Commitments after giving effect to such termination, and the participation therein of the Lender whose Commitment is terminated shall terminate; *provided* that the Borrower shall, if and to the extent necessary to permit such redetermination of participations in Letters of Credit within the limits of the Commitments which are not terminated, prepay on such date a portion of the outstanding Loans, and such redetermination and termination of participations in outstanding Letters of Credit shall be conditioned upon its having done so.

(iii) The Administrative Agent shall promptly notify the Lenders of the effectiveness of each extension of the Commitments pursuant to this Section 2.01(d).

**Section 2.02. Notices of Conversion/Continuation.** (a) Subject to the provisions of Section 2.09 hereof, the Borrower shall have the option (b) to convert at any time all or any part of the outstanding Base Rate Loans in an aggregate minimum amount of \$10,000,000 and integral multiples of \$1,000,000 in excess of that amount, to Eurodollar Rate Loans and (c) upon the expiration of any Interest Period applicable to outstanding Eurodollar Rate Loans, to continue all or any portion of such Eurodollar Rate Loans in an aggregate minimum amount of \$10,000,000 and integral multiples of \$1,000,000 in excess of that amount, as Eurodollar Rate Loans. The succeeding Interest Period(s) of such converted or continued Eurodollar Rate Loan shall commence on the date of conversion in the case of clause (i) above and on the last day of the Interest Period of the Eurodollar Rate Loans to be continued in the case of clause (ii) above.

The Borrower shall deliver a Notice of Conversion/Continuation to the Administrative Agent no later than 11:00 a.m. (New York City time) at least three Business Days in advance of

the proposed conversion/continuation date. A Notice of Conversion/Continuation shall specify (i) the proposed conversion/continuation date (which shall be a Business Day), (ii) the amount of the Loan to be converted/continued, (iii) the nature of the proposed conversion/continuation and (iv) the requested Interest Period.

Except as provided in Section 2.09(d) hereof, a Notice of Conversion/Continuation for conversion to, or continuation of, a Eurodollar Rate Loan shall be irrevocable on or after the related Interest Rate Determination Date, and the Borrower shall be bound to convert or continue in accordance therewith.

(d) Unless the Borrower shall have given the Administrative Agent (x) a timely Notice of Conversion/Continuation in accordance with the provisions of Section 2.02(a) hereof with respect to Eurodollar Rate Loans outstanding or (y) written notice of its intent to prepay Eurodollar Rate Loans, furnished not later than 11:00 a.m. (New York City time) on the third Business Day prior to the last day of the Interest Period with respect to such Eurodollar Rate Loans, the Borrower shall be deemed to have requested that such Eurodollar Rate Loans be continued for an additional Interest Period of one month.

**Section 2.03. Registry.** (a) The Administrative Agent shall maintain a register (the “**Register**”) on which it will record the Commitment of each Lender, each Loan made by such Lender, each repayment of any Loan made by such Lender, the stated amount of each Letter of Credit and the principal amount of each Lender’s outstanding Letter of Credit Liabilities. Any such recordation by the Administrative Agent on the Register shall constitute *prima facie* evidence thereof, absent manifest error. Each Lender shall record on its internal records (including computerized systems) the foregoing information as to its own Commitment, Loans and Letter of Credit Liabilities. Failure to make any such recordation, or any error in such recordation, shall not affect the Borrower’s obligations hereunder in respect of the Loans and the Letters of Credit.

(b) The Borrower hereby agrees that, upon the request of the Administrative Agent if so instructed by any Lender at any time, such Lender’s Loans shall be evidenced by a promissory note substantially in the form of Exhibit A hereto (a “**Note**”). The Note issued to each Lender pursuant to this Section 2.03(b) shall (i) be payable to such Lender and its registered assigns, (ii) be payable in the principal amount of the outstanding Loans evidenced thereby, (iii) provide that all Loans then outstanding shall be repaid on the date as provided herein, (iv) bear interest as provided in the appropriate clause of Section 2.05 hereof, (v) be entitled to the benefits of this Agreement, and (vi) have attached thereto a schedule (a “**Loans and Principal Payments Schedule**”) substantially in the form of the Schedule to Exhibit A hereto. At the time of the making of each Loan or principal payment in respect thereof, each Lender may, and is hereby authorized to, make a notation on the Loans and Principal Payments Schedule of the date and the amount of such Loan or payment, as the case may be. Notwithstanding the foregoing, the failure to make a notation with respect to the making of any Loan, shall not limit or otherwise affect the obligation of the Borrower hereunder or under the applicable Note with respect to such Loan and payments of principal by the Borrower shall not be affected by the failure to make a notation thereof on the appropriate Loans and Principal Payments Schedule.

**Section 2.04. *Pro Rata Borrowings.*** The Loans comprising each Borrowing under this Agreement shall be made by the Lenders simultaneously and each Lender's Loan shall be equal to such Lender's *pro rata* Share of such Borrowing. It is understood that no Lender shall be responsible for any default by any other Lender in its obligation to make a Loan hereunder and that each Lender shall be obligated to make the Loans provided to be made by it hereunder subject to the terms hereof, regardless of the failure of any other Lender to fulfill its commitment to make Loans hereunder.

**Section 2.05. *Interest.*** (a) Rate of Interest on Loans.

The Borrower agrees to pay interest in respect of the unpaid principal amount of each Loan made to it from and including the date made to but not including the date repaid.

(i) Each Eurodollar Rate Loan shall bear interest on the unpaid principal amount thereof for the applicable Interest Period at an interest rate per annum equal to the sum of the Eurodollar Margin plus the applicable Adjusted LIBO Rate.

(ii) Each Base Rate Loan shall bear interest on the unpaid principal amount thereof at an interest rate per annum equal to the sum of the Base Rate Margin plus the applicable Base Rate.

The Administrative Agent shall determine each interest rate applicable to the Loans hereunder in accordance with this Section 2.05(a) and Section 2.09(a). The Administrative Agent shall give prompt notice to the Borrower and Lenders of each rate of interest so determined, and its determination thereof shall be conclusive in the absence of manifest error.

(b) *Interest Periods.* In connection with each Eurodollar Rate Loan, the Borrower shall elect an interest period (each an "**Interest Period**") to be applicable to such Loan, which shall be either a one, two, three or six month period; *provided* that:

(i) the Interest Period for each Eurodollar Rate Loan shall commence on the date of such Loan;

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

(iii) any Interest Period which 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 such ending calendar month;

(iv) no Interest Period shall extend beyond the Termination Date; and

(v) there shall be no more than 30 Interest Periods outstanding at any time.

(c) *Interest Payments.* Interest shall be payable on each Loan in arrears on each Interest Payment Date applicable to that Loan, upon any prepayment of that Loan (to the extent accrued on the amount being prepaid) and when due and payable (whether at maturity, by acceleration or otherwise).

(d) *Computation of Interest.* All interest hereunder shall be computed on the basis of a 360-day year, except that interest computed by reference to the Base Rate at times when the Base Rate is based on the Prime Rate shall be computed on the basis of a 365-day year (or 366 days in a leap year) and in each case shall be payable on the actual number of days elapsed in the period during which it accrues. In computing interest on any Loan, the date of the making of the Loan or, in the case of a Eurodollar Rate Loan, the first day of an Interest Period, as the case may be, shall be included and the date of payment or the expiration of an Interest Period, as the case may be, shall be excluded; *provided* that if a Loan is repaid on the same day on which it is made, one day's interest shall be paid on that Loan.

(e) *Post-Maturity Interest.* Any principal payments on the Loans not paid when due and, to the extent permitted by applicable law, any interest, fee or other amount not paid when due, in each case whether at stated maturity, by notice of prepayment, by acceleration or otherwise, shall thereafter bear interest payable upon demand at a rate per annum equal to the sum of 2% plus the higher of (i) the rate of interest applicable to such Loans or (ii) the rate of interest otherwise payable under this Agreement for Base Rate Loans.

**Section 2.06. Commissions and Fees.** (a) *Facility Fees.*

(i) The Borrower shall pay to the Administrative Agent for the account of the Lenders a facility fee in Dollars at the Facility Fee Rate accrued from and including the Effective Date to but not including the Termination Date on the daily average aggregate amount of the Commitments (whether used or unused).

(ii) Such facility fees shall be computed on the basis of a year of 360 days and paid for the actual number of days elapsed. Such facility fees shall be paid quarterly in arrears on each March 31, June 30, September 30 and December 31 and upon the date of termination of the Commitments in their entirety (and, if later, the date the Loans shall be repaid in their entirety). From the effective date of any termination or reduction of Commitments, such facility fees shall cease to accrue or be correspondingly reduced. If the Commitments are terminated in their entirety or reduced, facility fees accrued on the total Commitments, or accrued on the aggregate amount of the reduction of the Commitments (in the case of such a reduction), shall be payable on the effective date of such termination or reduction.

(b) *Letter of Credit Fees.* The Borrower shall pay (i) to the Administrative Agent for the account of the Lenders ratably a letter of credit fee accruing daily on the aggregate undrawn amount of all outstanding Letters of Credit at a rate per annum equal to the Letter of Credit Fee Rate for such day and (ii) to each Issuing Lender for its own account, a letter of credit fronting fee accruing daily on the aggregate amount then available for drawing under all Letters of Credit issued by such Issuing Lender at such rate as may be mutually agreed between the Borrower and such Issuing Lender from time to time. Such letter of credit fees shall be paid quarterly in

arrears on each March 31, June 30, September 30 and December 31 and upon the date of termination of the Commitments in their entirety (and, if later, the date the Letter of Credit Liabilities shall be reduced to zero); *provided* that the Borrower and an Issuing Lender may agree to alternate dates for payment of the letter of credit fronting fees for the account of such Issuing Lender.

(c) *Administrative Fees.* The Borrower agrees to pay to the Administrative Agent an annual fee (the “**Administrative Fee**”) in Dollars in an amount equal to the amount previously agreed to in writing by the Borrower and the Administrative Agent. Such Administrative Fee shall be payable quarterly in advance commencing on the date of this Agreement and on each successive quarterly anniversary of such date, so long as any Loan or Commitment is outstanding on such date; *provided* that if the Borrower shall terminate the Commitments in their entirety pursuant to Section 2.09(a) prior to the Termination Date, a *pro rata* portion of the Administrative Fee relating to the period from the Termination Date to the end of the applicable quarter shall be refundable.

(d) *Time of Payment.* The Borrower shall make payment of each Lender’s facility and letter of credit fees and of the Administrative Agent’s Administrative Fee hereunder, not later than 12:00 noon (New York City time) on the date when due in Dollars and in immediately available funds, to the Administrative Agent. Upon receipt of any amount representing facility or letter of credit fees paid pursuant to this Section 2.06, the Administrative Agent shall pay such amount to the Lenders based upon their respective *pro rata* Shares.

**Section 2.07. Reductions in Commitments; Repayments and Payments.**

(a) *Reductions of Total Commitment.*

After the Effective Date, the Borrower shall have the right, upon at least three Business Days’ prior irrevocable written notice to the Administrative Agent, who will promptly notify the Lenders thereof, without premium or penalty, to permanently reduce or terminate the Total Commitment, in whole at any time or in part from time to time, in minimum aggregate amounts of \$10,000,000 (unless the Total Commitment at such time is less than \$10,000,000, in which case, in an amount equal to the Total Commitment at such time) and, if such reduction is greater than \$10,000,000, in integral multiples of \$5,000,000 in excess of such amount, *provided* that (i) any such reduction of the Total Commitment shall apply to the Commitment of each Lender in accordance with its *pro rata* Share of the aggregate of such reduction, (ii) any such reduction in the Total Commitment shall be permanent and (iii) after giving effect to any such reduction, the Total Commitment shall equal or exceed the Total Outstanding Amount.

(b) *Voluntary Prepayments.*

Subject, in the case of any Eurodollar Rate Loan, to Section 2.09(e), the Borrower shall have the right to prepay any Loan in whole at any time or in part from time to time without premium or penalty in an aggregate minimum amount of \$10,000,000 and integral multiples of \$1,000,000 in excess of that amount or, if less, the outstanding principal amount of such Loan. The Borrower shall give notice (by telex or telecopier) (which shall be irrevocable) to the Administrative Agent and each Lender of each proposed prepayment hereunder, (x) with respect

to Base Rate Loans, not later than 10:30 a.m. (New York City time) on the Business Day preceding the day of the proposed repayment and (y) with respect to Eurodollar Rate Loans, at least three Business Days prior to the day of the proposed prepayment, and in each case shall specify the proposed prepayment date (which shall be a Business Day), the aggregate principal amount of the proposed prepayment and which Loans are to be prepaid.

(c) *Interest on Principal Amounts Prepaid.* All prepayments under this Section 2.07 shall be made together with accrued and unpaid interest to the date of such prepayment on the principal amount prepaid and any other amounts payable pursuant to Section 2.09(e) of this Agreement.

(d) *Method and Place of Payment.* All payments to be made by the Borrower on account of principal and interest on each Loan shall be made without setoff or counterclaim to the Administrative Agent, for the ratable account of each Lender, not later than 12:00 noon (New York City time) on the date when due and shall be made in Dollars and in same day funds. Whenever any payment with respect to any Loan shall be due on a day which is not a Business Day, the due date thereof shall be extended to the next succeeding Business Day and, with respect to payments of principal, interest shall be payable at the applicable rate during such extension; *provided, however*, that with respect to Eurodollar Rate Loans, if the next succeeding Business Day falls in another calendar month, such payments shall be made on the next preceding Business Day. The Administrative Agent shall remit to each Lender its *pro rata* Share of all such payments received in collected funds by the Administrative Agent for the account of such Lender in respect of which such payment is made.

(e) *Order of Payment.* Upon the occurrence and during the continuance of an Event of Default, all payments made by the Borrower to the Administrative Agent (other than any fee or indemnification payments not specifically designated under the terms of this Agreement as being for the benefit of the Lenders) shall be applied by the Administrative Agent, on behalf of each Lender based on its *pro rata* Share, (i) first, to the payment of expenses referred to in Section 9.02 hereof, (ii) second, to the payment of the fees referred to in Section 2.06 hereof, (iii) third, to the payment of accrued and unpaid interest on such Lender's Base Rate Loans until all such accrued interest has been paid, (iv) fourth, to the payment of accrued and unpaid interest on such Lender's Eurodollar Rate Loans until all such accrued interest has been paid, (v) fifth, to the payment of the unpaid principal amount of such Lender's Base Rate Loans, and (vi) sixth, to the payment of the unpaid principal amount of such Lender's Eurodollar Rate Loans.

**Section 2.08.** *Use of Proceeds.* The proceeds of the Loans made or the Letters of Credit issued by the Lenders may be used for acquisitions, repurchases of capital stock of the Borrower, the funding of dividends payable to shareholders of the Borrower and for general corporate purposes of the Borrower.

**Section 2.09.** *Special Provisions Governing Eurodollar Rate Loans.* Notwithstanding any other provisions of this Agreement, the following provisions shall govern with respect to Eurodollar Rate Loans as to the matters covered:

(a) *Determination of Interest Rate.* As soon as practicable on an Interest Rate Determination Date, the Administrative Agent shall determine (which determination shall, absent

manifest error, be final, conclusive and binding upon all parties) the interest rate which shall apply to the Eurodollar Rate Loans for which an interest rate is then being determined for the applicable Interest Period and shall promptly give notice thereof (in writing) to the Borrower and to each Lender.

(b) *Substituted Rate of Borrowing.* (i) In the event that on any Interest Rate Determination Date any Lender (including the Administrative Agent) shall have determined (which determination shall be final and conclusive and binding upon all parties but, with respect to the following clauses (x) and (y)(B), shall be made only after consultation with the Borrower and the Administrative Agent) that:

(x) by reason of any changes arising after the date of this Agreement affecting the Eurodollar market or affecting the position of that Lender in such market, adequate and fair means do not exist for ascertaining the applicable interest rate by reference to the Adjusted LIBO Rate with respect to the Eurodollar Rate Loans as to which an interest rate determination is then being made; or

(y) by reason of (A) any change (including any changes proposed or published prior to the date hereof) after the date hereof in any applicable law or any governmental rule, regulation or order (or any interpretation or administration thereof and including the introduction of any new law or governmental rule, regulation or order (including any thereof proposed or published, prior to the date hereof)) or (B) other circumstances affecting that Lender or the Eurodollar market or the position of that Lender in such market (such as, for example, but not limited to, official reserve requirements required by Regulation D), the Adjusted LIBO Rate shall not represent the effective pricing to that Lender for deposits in the applicable currency of comparable amounts for the relevant period;

then, and in any such event, that Lender shall be an Affected Lender and it shall promptly (and in any event as soon as possible after being notified of a Borrowing) give notice to the Borrower and the Administrative Agent (which notice the Administrative Agent shall promptly transmit to each other Lender) of such determination. Thereafter, the Borrower shall pay to the Affected Lender with respect to such Eurodollar Rate Loans, upon written demand therefor, but only if such demand is made within 30 days of the end of the Interest Period for such Interest Rate Determination Date, such additional amounts (in the form of an increased rate of, or a different method of calculating, interest or otherwise as the Affected Lender in its sole discretion shall reasonably determine) as shall be required to cause the Affected Lender to receive interest with respect to such Affected Lender's Eurodollar Rate Loans for the Interest Period following that Interest Rate Determination Date (such Interest Period being an "**Affected Interest Period**") at a rate *per annum* equal to the Eurodollar Margin in excess of the effective pricing to the Affected Lender for deposits in Dollars to make or maintain Eurodollar Rate Loans. A certificate as to additional amounts owed the Affected Lender, showing in reasonable detail the basis for the calculation thereof, submitted in good faith to the Borrower and the Administrative Agent by the Affected Lender shall, absent manifest error, be final, conclusive and binding for all purposes.

(ii) If at any time the Administrative Agent determines (which determination shall be conclusive absent manifest error) that (x) the circumstances set forth in clause (b)(i)(x) above

have arisen and such circumstances are unlikely to be temporary or (y) the circumstances set forth in clause (b)(i)(x) have not arisen but either (A) the supervisor for the administrator of the Eurodollar Screen Rate has made a public statement that the administrator of the Eurodollar Screen Rate is insolvent (and there is no successor administrator that will continue publication of the Eurodollar Screen Rate), (B) the administrator of the Eurodollar Screen Rate has made a public statement identifying a specific date after which the Eurodollar Screen Rate will permanently or indefinitely cease to be published by it (and there is no successor administrator that will continue publication of the Eurodollar Screen Rate), (C) the supervisor for the administrator of the Eurodollar Screen Rate has made a public statement identifying a specific date after which the Eurodollar Screen Rate will permanently or indefinitely cease to be published or (D) the supervisor for the administrator of the Eurodollar Screen Rate or a Governmental Authority having jurisdiction over the Administrative Agent has made a public statement identifying a specific date after which the Eurodollar Screen Rate may no longer be used for determining interest rates for loans, then the Administrative Agent and the Borrower shall endeavor to establish an alternate rate of interest to the Eurodollar Rate that gives due consideration to the then prevailing market convention for determining a rate of interest for syndicated loans in the United States at such time, and shall enter into an amendment to this Agreement to reflect such alternate rate of interest and such other related changes to this Agreement as may be applicable (but for the avoidance of doubt, such related changes shall not include a reduction of the Eurodollar Margin); provided that, if such alternate rate of interest as so determined would be less than zero, such rate shall be deemed to be zero for the purposes of this Agreement. Notwithstanding anything to the contrary in Section 9.05, such amendment shall become effective without any further action or consent of any other party to this Agreement so long as the Administrative Agent shall not have received, within five Business Days of the date a copy of such amendment is provided to the Lenders, a written notice from the Required Lenders stating that such Required Lenders object to such amendment. Until an alternate rate of interest shall be determined in accordance with this clause (ii) (but, in the case of the circumstances described in clause (y)(A), clause (y)(B) or clause (y)(C) of the first sentence of this Section 2.09(b)(ii), only to the extent the Eurodollar Screen Rate for such Interest Period is not available or published at such time on a current basis), (1) any Notice of Conversion/Continuation that requests the conversion of any Base Rate Loan to, or continuation of any Eurodollar Rate Loan as, a Eurodollar Rate Loan shall be ineffective and (2) if any Notice of Borrowing requests a Eurodollar Rate Loan, such Borrowing shall be made as a Base Rate Loan.

(c) *Required Termination and Prepayment.* In the event that on any date any Lender shall have reasonably determined (which determination shall be final and conclusive and binding upon all parties) that the making or continuation of its Eurodollar Rate Loans (i) has become unlawful by, or would be inconsistent with, compliance by that Lender in good faith with any law, governmental rule, regulation or order (whether or not having the force of law and whether or not failure to comply therewith would be unlawful), or (ii) has become impracticable as a result of a contingency occurring after the date of this Agreement which materially and adversely affects the Eurodollar market, then, and in any such event, that Lender shall be an Affected Lender and it shall promptly give notice to the Borrower and the Administrative Agent (which notice the Administrative Agent shall promptly transmit to each Lender) of that determination. Subject to the prior withdrawal of a Notice of Borrowing or prepayment of the Eurodollar Rate Loans of the Affected Lender as contemplated by the following Section 2.09(d) hereof, the

obligation of the Affected Lender to make Eurodollar Rate Loans during any such period shall be terminated at the earlier of the termination of the Interest Period then in effect or when required by law and the Borrower shall no later than the termination of the Interest Period in effect at the time any such determination pursuant to this Section 2.09(c) is made or earlier, when required by law, repay Eurodollar Rate Loans of the Affected Lender together with all interest accrued thereon.

(d) *Options of the Borrower.* In lieu of paying an Affected Lender such additional moneys as are required by Section 2.09(b)(i), 2.09(h) or 2.10 hereof or the prepayment of an Affected Lender required by Section 2.09(c), hereof but in no event in derogation of Section 2.09(e) hereof, the Borrower may exercise any one of the following options:

(i) If the determination by an Affected Lender relates only to Eurodollar Rate Loans then being requested by the Borrower pursuant to a Notice of Borrowing or a Notice of Conversion/Continuation, the Borrower may by giving written notice to the Administrative Agent (who shall promptly give similar notice to each Lender) no later than the date immediately prior to the date on which such Eurodollar Rate Loans are to be made, continued or converted withdraw as to the Affected Lender that Notice of Borrowing or Notice of Conversion/Continuation, as the case may be; or

(ii) Upon written notice to the Administrative Agent and each Lender, the Borrower may terminate the obligations of the Lenders to make Loans as, and to convert Loans into, Eurodollar Rate Loans and in such event, the Borrower shall, prior to the time any payment pursuant to Section 2.09(c) hereof is required to be made or, if the provisions of Section 2.09(d) hereof are applicable, at the end of the then current Interest Period, convert all of such Eurodollar Rate Loans into Base Rate Loans; or

(iii) The Borrower may give written notice to the Affected Lender and the Administrative Agent (who shall promptly give similar notice to each Lender) and require the Affected Lender to make the Eurodollar Rate Loan then being requested as a Base Rate Loan or to continue to maintain its outstanding Base Rate Loan then the subject of a Notice of Conversion/Continuation as a Base Rate Loan or to convert its Eurodollar Rate Loan then outstanding that is so affected into a Base Rate Loan at the end of the then current Interest Period (or at such earlier time as prepayment is otherwise required to be made pursuant to Section 2.09(c) hereof), that notice to pertain only to the Loans of the Affected Lender and to have no effect on the obligations of the other Lenders to make or maintain Eurodollar Rate Loans or to convert Base Rate Loans into Eurodollar Rate Loans; or

(iv) At its sole expense and effort, upon notice to such Affected Lender and the Administrative Agent, require such Affected Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in Section 9.15), all its interests, rights (other than its existing rights to payments pursuant to Sections 2.09(h) or 2.14) and obligations under this Agreement and the other Loan Documents to an assignee that shall assume such obligations (which assignee may be another Lender, if such Lender accepts such assignment).

(e) *Compensation.* The Borrower shall compensate each Lender, upon written request by that Lender (which request shall set forth in reasonable detail the basis for requesting such amounts), for all reasonable losses, expenses and liabilities (including, without limitation, any interest paid by that Lender to lenders of funds borrowed by it to make or carry its Eurodollar Rate Loans and any loss (other than loss of margins) sustained by that Lender in connection with the re-employment of such funds), which that Lender may sustain with respect to its Eurodollar Rate Loans if for any reason (other than a default or error by that Lender) (i) a borrowing of any Eurodollar Rate Loan does not occur on a date specified therefor in a Notice of Borrowing or Notice of Conversion/Continuation, (ii) any repayment or conversion of any of such Lender's Eurodollar Rate Loans occurs on a date which is not the last day of the Interest Period applicable to that Eurodollar Rate Loan, (iii) any repayment of any such Lender's Eurodollar Rate Loans is not made on any date specified in a notice of repayment given by the Borrower, or (iv) as a consequence of any other failure by the Borrower to repay such Lender's Eurodollar Rate Loans when required by the terms of this Agreement.

(f) *Affected Lender's Obligation to Mitigate.* Each Lender agrees that, as promptly as practicable after it becomes aware of the occurrence of an event or the existence of a condition that would cause it to be an Affected Lender under Section 2.09(b)(i) or 2.09(c) hereof, it will, to the extent not inconsistent with such Lender's internal policies, use reasonable efforts to make, fund or maintain the affected Loans of such Lender through another Applicable Lending Office if as a result thereof the additional moneys which would otherwise be required to be paid in respect of such Loans pursuant to Section 2.09(b)(i) hereof would be materially reduced or the illegality or other adverse circumstances which would otherwise require prepayment of such Loans pursuant to Section 2.09(c) hereof would cease to exist and if, as determined by such Lender, in its sole discretion, the making, funding or maintaining of such Loans through such other Applicable Lending Office would not otherwise materially adversely affect such Loans or such Lender. The Borrower hereby agrees to pay all reasonable expenses incurred by any Lender in utilizing another Applicable Lending Office pursuant to this Section 2.09(f).

(g) *Booking of Loans.* Each Loan shall be booked by the Lender making such Loan at, to, or for the account of, its Applicable Lending Office for such Loan.

(h) *Increased Costs.* Except as provided in Section 2.09(b) or with respect to Taxes or Domestic Taxes imposed on or with respect to any payment made by the Borrower under this Agreement or any Note, which shall be governed by Section 2.14, if, by reason of (x) after the date hereof, the introduction of or any change (including, without limitation, any change by way of imposition or increase of reserve requirements) in or in the interpretation of any law or regulation (whether or not proposed or published prior to the date hereof), or (y) the compliance with any guideline or request from any central bank or other Governmental Authority or quasi-governmental authority exercising control over banks or financial institutions generally (whether or not having the force of law):

(i) any Lender (or its Applicable Lending Office) shall be subject to any tax, duty or other charge with respect to its Eurodollar Rate Loans or Letters of Credit or its obligation to make Eurodollar Rate Loans or its obligations hereunder in respect of Letters of Credit or its deposits, reserves, other liabilities or capital attributable thereto; or

(ii) any reserve (including, without limitation, any imposed by the Board), special deposit, compulsory loan, insurance charge or similar requirement against assets of, deposits with or for the account of, or credit (including letters of credit and participations therein) extended by, any Lender's Applicable Lending Office shall be imposed or deemed applicable or any other condition affecting its Eurodollar Rate Loans or Letters of Credit or its obligation to make Eurodollar Rate Loans or its obligations hereunder in respect of Letters of Credit shall be imposed on any Lender or its Applicable Lending Office or the interbank Eurodollar market;

and as a result thereof there shall be any increase in the cost to that Lender of agreeing to make or making, funding or maintaining, continuing or converting to Eurodollar Rate Loans or of issuing or participating in any Letters of Credit (except to the extent such Lender is entitled to compensation therefor during the relevant Interest Period pursuant to Section 2.07(e)), or there shall be a reduction in the amount received or receivable by that Lender or its Applicable Lending Office or such Issuing Lender, then the Borrower shall from time to time, upon written notice from and demand by that Lender or Issuing Lender (which shall be promptly furnished upon the Lenders being made subject thereto) (with a copy of such notice and demand to the Administrative Agent), pay to the Administrative Agent for the account of that Lender or Issuing Lender, within five Business Days after the date specified in such notice and demand, additional amounts sufficient to indemnify that Lender or Issuing Lender against such increased cost. A certificate as to the basis for and calculation of the amount of such increased cost, submitted to the Borrower and the Administrative Agent by that Lender or Issuing Lender, shall, absent manifest error, be final, conclusive and binding for all purposes.

(i) *Certain Requirements.* Notwithstanding anything herein to the contrary, for purposes of this Agreement, (x) the Dodd Frank Wall Street Reform and Consumer Protection Act, and all requests, rules, guidelines and directives promulgated thereunder and (y) all requests, rules, guidelines or directives concerning capital adequacy promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or United States regulatory authorities, in each case pursuant to Basel III, shall be deemed to have been adopted after the date hereof, regardless of the date enacted or adopted.

(j) *Assumption Concerning Funding of Eurodollar Rate Loans.* Calculation of all amounts payable to a Lender under this Section 2.09 in respect of a Eurodollar Rate Loan shall be made as though that Lender had actually funded its Eurodollar Rate Loan through the purchase of a Eurodollar deposit, bearing interest at the Adjusted LIBO Rate applicable to such Eurodollar Rate Loan in an amount equal to the amount of the Eurodollar Rate Loan and having a maturity comparable to the relevant Interest Period and through the transfer of such Eurodollar deposit, from an offshore office of that Lender to a domestic office of that Lender in the United States of America; *provided, however,* that each Lender may fund each of its Eurodollar Rate Loans in any manner it sees fit and the foregoing assumption shall be utilized only for the calculations of amounts payable under this Section 2.09.

(k) *Eurodollar Rate Loans After Default.* After the occurrence of and during the continuance of a Potential Event of Default or an Event of Default, the Administrative Agent may, upon the request of the Required Lenders, prohibit Loans from being requested as, converted into or continued as Eurodollar Rate Loans.

**Section 2.10. Capital Requirements.** If while any portion of the Total Commitment is in effect or any Loans are outstanding, any Lender determines that the adoption of any law, treaty, rule, regulation, guideline or order regarding capital or liquidity adequacy or capital or liquidity maintenance or any change therein, or any change in the interpretation or administration thereof by any Governmental Authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by such Lender, with any request or directive regarding capital or liquidity adequacy or capital or liquidity maintenance (whether or not having the force of law and whether or not the failure to comply therewith would be unlawful) of any such Governmental Authority, central bank or comparable agency, has or would have the effect of increasing the amount of capital or liquidity required to be maintained by such Lender or by any corporation controlling such Lender (including, without limitation, with respect to any Lender's Commitment), then the Borrower shall from time to time, within 15 days of written notice and demand from such Lender (with a copy to the Administrative Agent), pay to the Administrative Agent, for the account of such Lender, additional amounts sufficient to compensate such Lender for the cost of such additional required capital or liquidity, to the extent such Lender determines such increase to be attributable to the existence, issuance or maintenance of such Loans, Letters of Credit, or obligations for the account of the Borrower. A certificate showing in reasonable detail the computations made in arriving at such cost, submitted to the Borrower and the Administrative Agent by such Lender shall, absent manifest error, be final, conclusive and binding for all purposes.

**Section 2.11. Intentionally Omitted.**

**Section 2.12. Letters of Credit.** (a) *Existing Letters of Credit.* On the Effective Date, each Issuing Lender that has issued an Existing Letter of Credit shall be deemed, without further action by any party hereto, to have sold to each Lender, and each Lender shall be deemed, without further action by any party hereto, to have purchased from the Issuing Lender, a participation in such Existing Letter of Credit and the related Letter of Credit Liabilities to the extent of its Applicable Percentage. On and after the Effective Date, each Existing Letter of Credit shall constitute a Letter of Credit for all purposes hereof. An Existing Letter of Credit may contain a statement to the effect that such Existing Letter of Credit is issued for the account of a Subsidiary of the Borrower; *provided, however,* that notwithstanding such statement, the Borrower shall be the actual account party for all purposes of this Credit Agreement for such Existing Letter of Credit and such statement shall not affect the Borrower's reimbursement obligations hereunder with respect to such Existing Letter of Credit. The Existing Letters of Credit include certain Letters of Credit denominated in certain currencies other than Dollars. Notwithstanding the limitation in Section 2.12(b) that Letters of Credit issued pursuant to this Agreement shall be denominated solely in Dollars, such Existing Letters of Credit (and renewals and extensions thereof) may be maintained in the respective currencies in which they are currently denominated pursuant to procedures mutually satisfactory to the Borrower, the Issuing Lender and the Administrative Agent pursuant to which the Dollar equivalent thereof shall be determined from time to time and such Dollar equivalent shall be utilized for purposes of determining the rights and obligations of the Lenders hereunder with respect to such Existing Letters of Credit; *provided* that (i) in no event shall any Lender be required to make payment hereunder in any currency other than Dollars, (ii) in no event shall any change in the Dollar equivalent of any such Existing Letter of Credit cause the Total Outstanding Amount to exceed the Total Commitment and (iii) the foregoing shall not affect the obligation of the Borrower to

reimburse the Issuing Lender for any drawing under any such Existing Letter of Credit in the currency in which such drawing was made.

(b) *Commitment to Issue Letters of Credit.* Subject to the terms and conditions hereof, each Issuing Lender agrees to issue Letters of Credit denominated in Dollars from time to time before the Termination Date upon the request of the Borrower; *provided* that, (i) immediately after each Letter of Credit is issued (A) the Total Outstanding Amount shall not exceed the Total Commitment, (B) the aggregate amount of the Letter of Credit Liabilities shall not exceed \$100,000,000, (C) the stated amount of all outstanding Letters of Credit issued by an Issuing Lender shall not exceed such Issuing Lender's Letter of Credit Commitment and (D) no Letter of Credit is for the benefit, directly or indirectly, of any Governmental Authority other than any Governmental Authority of the United States, or any state or other political subdivision thereof; *provided* that in any case no Letter of Credit may be used in connection with a military transaction. Upon the date of issuance by an Issuing Lender of a Letter of Credit, the Issuing Lender shall be deemed, without further action by any party hereto, to have sold to each Lender, and each Lender shall be deemed, without further action by any party hereto, to have purchased from the Issuing Lender, a participation in such Letter of Credit and the related Letter of Credit Liabilities to the extent of its Applicable Percentage.

(c) *Method for Issuance; Terms; Extensions.*

(i) The Borrower shall give the Issuing Lender notice (with a copy to the Administrative Agent) at least three Business Days (or such shorter notice as may be acceptable to the Issuing Lender in its discretion) prior to the requested issuance of a Letter of Credit (or, in the case of renewal or extension, prior to the Issuing Lender's deadline for notice of nonextension) specifying the date such Letter of Credit is to be issued, and describing the terms of such Letter of Credit and the nature of the transactions to be supported thereby (such notice, including any such notice given in connection with the extension of a Letter of Credit, a "**Notice of Issuance**"). Upon receipt of a Notice of Issuance, the Issuing Lender shall promptly notify the Administrative Agent, and the Administrative Agent shall promptly notify each Lender of the contents thereof and of the amount of such Lender's participation in such Letter of Credit. If requested by the Issuing Lender, the Borrower shall submit a letter of credit application on the Issuing Lender's standard form in connection with any request for a Letter of Credit. In the event of any inconsistency between the terms and conditions of this Agreement and the terms and conditions of any form of letter of credit application or other agreement submitted by the Borrower to, or entered into by the Borrower with, the Issuing Lender relating to any Letter of Credit, the terms and conditions of this Agreement shall control.

(ii) The obligation of the Issuing Lender to issue each Letter of Credit shall, in addition to the conditions precedent set forth in Section 3.02 be subject to the conditions precedent that such Letter of Credit shall be in such form and contain such terms as shall be reasonably satisfactory to the Issuing Lender and that the Borrower shall have executed and delivered such other customary instruments and agreements relating to such Letter of Credit as the Issuing Lender shall have reasonably requested; *provided, however*, that any Issuing Lender may decline to issue any Letter of Credit (other than any Existing Letter of Credit and renewals or extensions thereof) at such Issuing Lender's

sole discretion (including, without limitation, if such Issuing Lender's internal policies do not permit the issuance of a letter of credit for the purposes for which such Letter of Credit is being requested). The Borrower shall also pay to the Issuing Lender for its own account issuance, drawing, amendment, settlement and extension charges, if any, in the amounts and at the times as agreed between the Borrower and the Issuing Lender. Subject to the terms and conditions of this Agreement, each Lead Arranger shall act as an Issuing Lender on a pro rata basis based on its aggregate Commitment if no other Lender desires to act in such capacity with respect to a Notice of Issuance.

(iii) The extension or renewal of any Letter of Credit shall be deemed to be an issuance of such Letter of Credit, and if any Letter of Credit contains a provision pursuant to which it is deemed to be extended unless notice of termination is given by the Issuing Lender, the Issuing Lender shall timely give such notice of termination unless it has theretofore timely received a Notice of Issuance and the other conditions to issuance of a Letter of Credit have also theretofore been met with respect to such extension. Each Letter of Credit shall expire at or before the close of business on the date that is one year after such Letter of Credit is issued (or, in the case of any renewal or extension thereof, one year after such renewal or extension); *provided* that (A) a Letter of Credit may contain a provision pursuant to which it is deemed to be extended on an annual basis unless notice of termination is given by the Issuing Lender and (B) in no event will a Letter of Credit expire (including pursuant to a renewal or extension thereof) on a date later than the fifth Business Day prior to the Termination Date.

(d) *Payments; Reimbursement Obligations.*

(i) Upon receipt from the beneficiary of any Letter of Credit of any notice of a drawing under such Letter of Credit, the Issuing Lender shall, within the time period stipulated by the terms and conditions of such Letter of Credit, examine the documents delivered with such notice of drawing and following such examination, such Issuing Lender shall notify the Administrative Agent and the Administrative Agent shall promptly notify the Borrower and each other Lender as to the amount to be paid as a result of such demand or drawing and the date such payment is to be made by the Issuing Lender (the "**Payment Date**"). The Borrower shall be irrevocably and unconditionally obligated to reimburse the Issuing Lender for any amounts paid by the Issuing Lender upon any drawing under any Letter of Credit, without presentment, demand, protest or other formalities of any kind, which reimbursement may be made through the borrowing of a Base Rate Loan as set forth in Section 2.12(d)(ii). Such reimbursement shall be due on the Payment Date; *provided* that no such payment shall be due from the Borrower any earlier than the date of receipt by it of notice of its obligation to make such payment (or, if such notice is received by the Borrower after 10:00 a.m. (New York City time) on any date, on the next succeeding Business Day); and *provided further* that if and to the extent any such reimbursement is not made by the Borrower in accordance with this clause (i) or clause (ii) below on the Payment Date, then (irrespective of when notice thereof is received by the Borrower), such reimbursement obligation shall bear interest, payable on demand, for each day from and including the Payment Date to but not including the date such reimbursement obligation is paid in full at a rate per annum equal to the rate applicable to Base Rate Loans for such day.

(ii) If the Commitments remain in effect on the Payment Date, all such amounts paid by the Issuing Lender and remaining unpaid by the Borrower after the date and time required by Section 2.12(d)(i) (a “**Reimbursement Obligation**”) shall, if and to the extent that the amount of such Reimbursement Obligation would be permitted as a Borrowing of Loans pursuant to Section 3.02, and unless the Borrower otherwise instructs the Administrative Agent by not less than one Business Day’s prior notice, convert automatically to Base Rate Loans on the date such Reimbursement Obligation arises. The Administrative Agent shall, on behalf of the Borrower (which hereby irrevocably directs the Administrative Agent so to act on its behalf), give notice no later than 12:00 noon (New York City time) on such date requesting each Lender to make, and each Lender hereby agrees to make, a Base Rate Loan, in an amount equal to such Lender’s Applicable Percentage of the Reimbursement Obligation with respect to which such notice relates. Each Lender shall make such Loan available to the Administrative Agent at its address referred to in Section 9.07 in immediately available funds, not later than 2:00 p.m. (New York City time), on the date specified in such notice. The Administrative Agent shall promptly pay the proceeds of such Loans to the Issuing Lender, which shall immediately apply such proceeds to repay the Reimbursement Obligation.

(iii) To the extent the Reimbursement Obligation is not refunded by a Lender pursuant to clause (ii) above, such Lender will pay to the Administrative Agent, for the account of the Issuing Lender, immediately upon the Issuing Lender’s demand at any time during the period commencing after such Reimbursement Obligation arises until reimbursement therefor in full by the Borrower, an amount equal to such Lender’s Applicable Percentage of such Reimbursement Obligation, together with interest on such amount for each day from the date of the Issuing Lender’s demand for such payment (or, if such demand is made after 1:00 p.m. (New York City time) on such date, from the next succeeding Business Day) to the date of payment by such Lender of such amount at a rate of interest per annum equal to the Federal Funds Rate for the first three Business Days after the date of such demand and thereafter at a rate per annum equal to the Base Rate for each additional day. The Issuing Lender will pay to each Lender ratably all amounts received from the Borrower for application in payment of its Reimbursement Obligations in respect of any Letter of Credit, but only to the extent such Lender has made payment to the Issuing Lender in respect of such Letter of Credit pursuant hereto; *provided* that in the event such payment received by the Issuing Lender is required to be returned, such Lender will return to the Issuing Lender any portion thereof previously distributed to it by the Issuing Lender.

(e) *Obligations Absolute.* The obligations of the Borrower and each Lender under subsection (d) above shall be absolute, unconditional and irrevocable, and shall be performed strictly in accordance with the terms of this Agreement, under all circumstances whatsoever, including without limitation the following circumstances:

(i) any lack of validity or enforceability of this Agreement or any Letter of Credit or any document related hereto or thereto;

(ii) any amendment or waiver of or any consent to departure from all or any of the provisions of this Agreement or any Letter of Credit or any document related hereto or thereto, provided by any party affected thereby;

(iii) the use which may be made of the Letter of Credit by, or any acts or omission of, a beneficiary of a Letter of Credit (or any Person for whom the beneficiary may be acting);

(iv) the existence of any claim, set-off, defense or other rights that the Borrower may have at any time against a beneficiary of a Letter of Credit (or any Person for whom the beneficiary may be acting), any Lender (including the Issuing Lender) or any other Person, whether in connection with this Agreement or the Letter of Credit or any document related hereto or thereto or any unrelated transaction;

(v) any statement or any other document presented under a Letter of Credit proving to be forged, fraudulent or invalid in any respect or any statement therein being untrue or inaccurate in any respect whatsoever;

(vi) payment under a Letter of Credit against presentation to the Issuing Lender of documents that do not comply with the terms of such Letter of Credit;

(vii) any termination of the Commitments prior to, on or after the Payment Date for any Letter of Credit, whether at the scheduled termination thereof, by operation of Article 7 or otherwise; or

(viii) any other act or omission to act or delay of any kind by any Lender (including the Issuing Lender), the Administrative Agent or any other Person or any other event or circumstance whatsoever that might, but for the provisions of this subsection (viii), constitute a legal or equitable discharge of or defense to the Borrower's or the Lender's obligations hereunder;

*provided*, that this Section 2.12(e) shall not limit the rights of the Borrower or any Lender under Section 2.12(f)(ii).

(f) *Indemnification; Expenses.*

(i) The Borrower hereby indemnifies and holds harmless each Lender and the Administrative Agent and the officers, directors, employees, agents and advisors and affiliates of each of them from and against any and all claims, damages, losses, liabilities, costs or expenses which it may reasonably incur in connection with a Letter of Credit issued pursuant to this Section 2.12; *provided* that the Borrower shall not be required to indemnify any Lender, or the Administrative Agent, for any claims, damages, losses, liabilities, costs or expenses, to the extent found by a court of competent jurisdiction to have been caused by the gross negligence or willful misconduct of such Person.

(ii) Neither any Lender nor the Administrative Agent nor any of their officers or directors or employees or agents shall be liable or responsible, by reason of or in connection with the execution and delivery or transfer of or payment or failure to pay

under any Letter of Credit, including without limitation any of the circumstances enumerated in subsection (e) above; *provided* that, notwithstanding Section 2.12(e), the Borrower shall have a claim for direct (but not consequential, special, indirect or punitive) damage suffered by it, to the extent finally determined by a court of competent jurisdiction to have been caused by (x) the Issuing Lender's gross negligence or willful misconduct in determining whether documents presented under any Letter of Credit complied with the terms of such Letter of Credit or (y) the Issuing Lender's failure to pay under any Letter of Credit after the presentation to it of documents strictly complying with the terms and conditions of the Letter of Credit; *provided further* that each Lender shall have a claim for direct (but not consequential, special, indirect or punitive) damage suffered by it, to the extent finally determined by a court of competent jurisdiction to have been caused by the Issuing Lender's gross negligence or willful misconduct in determining whether documents presented under any Letter of Credit complied with the terms of such Letter of Credit. The parties agree that, with respect to documents presented which appear on their face to be in substantial compliance with the terms of a Letter of Credit, the Issuing Lender may, in its discretion, either accept and make payment upon such documents without responsibility for further investigation, regardless of any notice or information to the contrary, or refuse to accept and make payment upon such documents if such documents are not in strict compliance with the terms of such Letter of Credit.

(iii) Nothing in this subsection (f) is intended to limit the obligations of the Borrower under any other provision of this Agreement. To the extent the Borrower does not indemnify an Issuing Lender as required by this subsection, the Lenders agree to do so ratably in accordance with their Commitments.

(g) *Stop Issuance Notice.* If the Required Lenders reasonably determine at any time that the conditions set forth in Section 3.02 would not be satisfied in respect of a Borrowing at such time, then the Required Lenders may request that the Administrative Agent issue a "**Stop Issuance Notice**", and the Administrative Agent shall issue such notice to each Issuing Lender. Such Stop Issuance Notice shall be withdrawn upon a determination by the Required Lenders that the circumstances giving rise thereto no longer exist. No Letter of Credit shall be issued while a Stop Issuance Notice is in effect. The Required Lenders may request issuance of a Stop Issuance Notice only if there is a reasonable basis therefor, and shall consider reasonably and in good faith a request from the Borrower for withdrawal of the same on the basis that the conditions in Section 3.02 are satisfied; *provided* that the Administrative Agent and the Issuing Lenders may and shall conclusively rely upon any Stop Issuance Notice while it remains in effect.

(h) *Other Documentation.* If the terms and conditions of any form of letter of credit application or other agreement submitted by the Borrower to or entered into by the Issuing Lender relating to any Letter of Credit are not consistent with the terms and conditions of this Agreement, the terms and conditions of this Agreement shall control; *provided* that, to the extent the Issuing Lender so agrees in such other documentation, its liabilities and responsibilities in connection with a Letter of Credit may be governed thereby rather than by subsection (f)(ii), but such agreement by the Issuing Lender may not directly or indirectly alter the rights and obligations of any other Lender under this Agreement.

(i) *Applicability of ISP and UCP.* If so expressly agreed by the Issuing Lender and the Borrower when a Letter of Credit is issued (including any such agreement applicable to an Existing Letter of Credit), (i) the rules of the ISP shall apply to each standby Letter of Credit, and (ii) the rules of the Uniform Customs and Practice for Documentary Credits, as most recently published by the International Chamber of Commerce at the time of issuance shall apply to each Letter of Credit.

(j) *Resignation as Issuing Lender.* Notwithstanding anything to the contrary contained herein, any Issuing Lender may, upon 10 days' notice to the Borrower and the Administrative Agent, resign as Issuing Lender. If an Issuing Lender resigns as Issuing Lender, it shall retain all the rights, powers, privileges and duties of an Issuing Lender hereunder with respect to all Letters of Credit outstanding as of the effective date of its resignation as Issuing Lender and all Letter of Credit Liabilities with respect thereto (including the right to require the Lenders to make Base Rate Loans or fund risk participations in Reimbursement Obligations pursuant to Section 2.12(d)).

**Section 2.13. Defaulting Lenders.** Notwithstanding any provision of this Agreement to the contrary, if any Lender becomes a Defaulting Lender, then the following provisions shall apply for so long as such Lender is a Defaulting Lender:

(a) Fees shall cease to accrue on the unused portion of the Commitment of such Defaulting Lender pursuant to Section 2.06(a).

(b) If any Letter of Credit Liabilities exist at the time such Lender becomes a Defaulting Lender then:

(i) the Letter of Credit Liabilities of such Defaulting Lender shall be automatically reallocated among the non-Defaulting Lenders in accordance with their respective Applicable Percentages but only to the extent the sum of each non-Defaulting Lender's Loans plus its Letter of Credit Liabilities does not exceed such non-Defaulting Lender's Commitment;

(ii) if the reallocation described in clause (i) above cannot, or can only partially, be effected, the Borrower shall within three Business Days following notice by the Administrative Agent or any Issuing Lender that has an outstanding Letter of Credit (x) *first*, either (A) procure the reduction or termination of the Defaulting Lender's Letter of Credit Liabilities (after giving effect to any partial reallocation pursuant to clause (i) above) or (B) cash collateralize for the benefit of the Issuing Lender(s) only the Borrower's obligations corresponding to such Defaulting Lender's Letter of Credit Liabilities (after giving effect to any partial reallocation pursuant to clause (i) above) for so long as such Letter of Credit Liabilities are outstanding;

(iii) if the Borrower cash collateralizes any portion of such Defaulting Lender's Letter of Credit Liabilities pursuant to clause (ii) above, the Borrower shall not be required to pay any fees to such Defaulting Lender pursuant to Section 2.06(b) with respect to such Defaulting Lender's Letter of Credit Liabilities during the period and to the extent such Defaulting Lender's Letter of Credit Liabilities are cash collateralized;

(iv) to the extent that the Letter of Credit Liabilities of the Defaulting Lender are reallocated pursuant to clause (i) above, then the letter of credit fees payable to the Lenders pursuant to Section 2.06(b) shall to the same extent be adjusted in accordance with such non-Defaulting Lenders' Applicable Percentages; and

(v) if all or any portion of such Defaulting Lender's Letter of Credit Liabilities is not reallocated, reduced, terminated nor cash collateralized pursuant to clause (i) or (ii) above, then, without prejudice to any rights or remedies of the Issuing Lender(s) or any other Lender hereunder, all letter of credit fees payable under Section 2.06(b) with respect to such Defaulting Lender's Letter of Credit Liabilities shall be payable to the Issuing Lender(s) until and to the extent that such Letter of Credit Liabilities are reallocated, reduced, terminated and/or cash collateralized;

provided that, subject to Section 9.18, 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.

(c) So long as such Lender is a Defaulting Lender, the Issuing Lenders shall not be required to issue, amend, extend or increase any Letter of Credit, unless the Defaulting Lender's Letter of Credit Liabilities after giving effect thereto will be 100% covered by the Commitments of the non-Defaulting Lenders and/or reduced, terminated and/or cash collateralized in accordance with Section 2.13(b), and participating interests in any newly issued or increased Letter of Credit shall be allocated among non-Defaulting Lenders in a manner consistent with Section 2.13(b)(i) (and such Defaulting Lender shall not participate therein).

(d) In the event that the Administrative Agent, the Borrower and the Issuing Lenders reasonably determine that a Defaulting Lender has adequately remedied all matters that caused such Lender to be a Defaulting Lender, then the Letter of Credit Liabilities of the Lenders shall be readjusted to reflect the inclusion of such Lender's Commitment and on such date such Lender shall purchase at par such of the Loans of the other Lenders as the Administrative Agent shall determine is necessary in order for such Lender to hold such Loans in accordance with its Applicable Percentage, and upon such purchase such Lender shall cease to be a Defaulting Lender and any cash collateral posted for its Letter of Credit Liabilities shall be released; *provided* that there shall be no retroactive effect on fees which were not paid pursuant to Section 2.13(a) or which were reallocated pursuant to Section 2.13(b)(iv) and (v).

(e) If any Lender shall fail to make any payment required to be made by it pursuant to Section 2.01, 2.12 or 8.04, then the Administrative Agent may, in its discretion and notwithstanding any contrary provision hereof, (i) apply any amounts thereafter received by the Administrative Agent for the account of such Lender under this Agreement for the benefit of the Administrative Agent or any Issuing Lender to satisfy such Lender's obligations to it under such Section until all such unsatisfied obligations are fully paid, and/or (ii) hold any such amounts in a segregated account as cash collateral for, and application to, any future funding obligations of such Lender under any such Section, in the case of each of clauses (i) and (ii) above, in any order as determined by the Administrative Agent in its discretion.

#### Section 2.14. *Taxes.*

(a) Any and all payments by the Borrower to or for the account of any Lender or the Administrative Agent hereunder or under any Note shall be made free and clear of and without deduction for any and all present or future taxes, duties, levies, imposts, deductions, charges or withholdings, and all liabilities with respect thereto, *excluding*, (i) in the case of each Lender and the Administrative Agent, taxes imposed on or measured by its income, and franchise taxes imposed on it, by the jurisdiction under the laws of which such Lender or the Administrative Agent (as the case may be) is organized or any political subdivision thereof, (ii) in the case of each Lender, taxes imposed on or measured by its income, and franchise or similar taxes imposed on it, by the jurisdiction of such Lender's Applicable Lending Office or any political subdivision thereof, and (iii) taxes resulting from FATCA (all such non-excluded taxes, duties, levies, imposts, deductions, charges, withholdings and liabilities being hereinafter referred to as its "**Taxes**", and all such excluded taxes being hereinafter referred to as its "**Domestic Taxes**"). If the Borrower or the Administrative Agent (the "**Withholding Agent**") shall be required by law to deduct any Taxes from or in respect of any sum payable hereunder or under any Note to any Lender or the Administrative Agent, (i) the sum payable by the Borrower shall be increased as necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 2.14) such Lender or the Administrative Agent (as the case may be) receives an amount equal to the sum it would have received had no such deductions been made, (ii) such Withholding Agent shall make such deductions, (iii) such Withholding Agent shall pay the full amount deducted to the relevant taxation authority or other authority in accordance with applicable law and (iv) if the Withholding Agent is the Borrower, the Borrower shall furnish to the Administrative Agent, at its address referred to in Section 9.07, the original or a certified copy of a receipt evidencing payment thereof.

(b) In addition, the Borrower agrees to pay any present or future stamp or documentary taxes and any other excise or property taxes, or charges or similar levies which arise from any payment made hereunder or under any Note or from the execution or delivery of, or otherwise with respect to, this Agreement or any Note (hereinafter referred to as "**Other Taxes**").

(c) The Borrower agrees to indemnify each Lender and the Administrative Agent for the full amount of Taxes or Other Taxes (including, without limitation, any Taxes or Other Taxes imposed or asserted by any jurisdiction on amounts payable under this Section 2.14) paid or payable by such Lender or the Administrative Agent (as the case may be) and any liability (including penalties, interest and expenses) arising therefrom or with respect thereto; *provided*, the Borrower shall not be obligated to indemnify any party hereunder pursuant to this Section for penalties, interest or similar liabilities arising therefrom or with respect thereto to the extent such penalties, interest or similar liabilities are attributable to the gross negligence or willful misconduct by such party. In addition, the Borrower agrees to indemnify the Administrative Agent and each Lender for all Domestic Taxes and any liability (including penalties, interest and expenses) arising therefrom or with respect thereto, in each case to the extent that such Domestic Taxes result from any payment or indemnification pursuant to this Section for (i) Taxes or Other Taxes imposed by any jurisdiction other than the United States or (ii) Domestic Taxes of the Administrative Agent or such Lender, as the case may be. This indemnification shall be made within 15 days from the date such Lender or the Administrative Agent (as the case may be) makes demand therefor.

(d) Any Lender that is entitled to an exemption from or reduction of withholding Tax with respect to payments made hereunder or under any Note shall deliver to the Borrower and the Administrative Agent, at the time or times reasonably requested by the Borrower or the Administrative Agent, such properly completed and executed documentation reasonably requested by the Borrower or the Administrative Agent as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any Lender, if requested by the Borrower or the Administrative Agent, shall deliver such other documentation prescribed by applicable law or reasonably requested by the Borrower or the Administrative Agent as will enable the Borrower or the Administrative Agent to determine whether or not such Lender is subject to any withholding (including 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 Sections 2.14(e), (f), (g) and (h) 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 (and the Borrower has not elected to reimburse such cost or expense) or would materially prejudice the legal or commercial position of such Lender.

(e) Without limiting the foregoing, at the times indicated herein, each Lender organized under the laws of a jurisdiction outside the United States shall provide the Borrower and the Administrative Agent with Internal Revenue Service form W-8BEN-E, W-8BEN, W-8IMY (accompanied by a form W-8ECI, W-8BEN-E, W-8BEN, W-9 and other certification documents from each beneficial owner, as applicable) or W-8ECI (in each case accompanied by any statements which may be required under applicable Treasury regulations), as appropriate, or any successor form prescribed by the Internal Revenue Service, certifying that such Lender is entitled to receive payments under this Agreement (i) without deduction or withholding of any United States federal income taxes or (ii) subject to a reduced rate of United States federal withholding tax, unless, in each case of clause (i) and (ii) of this Section 2.14(e), an event (including, without limitation, any change in treaty, law or regulation) has occurred prior to the date on which any such delivery would otherwise be required which renders such forms inapplicable or which would prevent the Lender from duly completing and delivering any such form with respect to it and the Lender advises the Borrower and the Administrative Agent that it is not capable of receiving payments without any deduction or withholding of such taxes. Such forms shall be provided (x) on or prior to the date of the Lender's execution and delivery of this Agreement in the case of each Lender listed on the signature pages hereof, and on or prior to the date on which it becomes a Lender in the case of each other Lender, and (y) on or before the date that such form expires or becomes obsolete or after the occurrence of any event requiring a change in the most recent form so delivered by the Lender. If the form provided by a Lender at the time such Lender first becomes a party to this Agreement indicates a United States interest withholding tax rate in excess of zero, United States withholding tax at such rate shall be considered excluded from "Taxes" as defined in Section 2.14(a) and shall not be subject to indemnification pursuant to Section 2.14(c), unless the assignor of such Lender was entitled, at the time of such assignment, to receive additional amounts from the Borrower with respect to such withholding taxes pursuant to Section 2.14(a). In addition, to the extent that for reasons other than a change of treaty, law or regulation any Lender becomes subject to an increased rate of United States interest withholding tax while it is a party to this Agreement, United States withholding tax at such increased rate shall be considered excluded from "Taxes" as defined in Section 2.14(a).

(f) Any Lender that is a “United States person” within the meaning of Section 7701(a)(30) of the Code shall deliver to the Borrower and the Administrative Agent on or prior to the date on which such Lender becomes a Lender under this Agreement (and from time to time thereafter upon the request of the Borrower or the Administrative Agent), executed originals of Internal Revenue Service form W-9 certifying, to the extent such Lender is legally entitled to do so, that such Lender is exempt from U.S. federal backup withholding tax.

(g) If a payment made to a Lender hereunder or under any Note would be subject to U.S. federal withholding Tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Lender shall deliver to the Borrower and the Administrative Agent at the time or times prescribed by law and at such time or times reasonably requested by the Borrower or the Administrative Agent such documentation prescribed by applicable law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the Borrower or the Administrative Agent as may be necessary for the Borrower or the Administrative Agent to comply with its obligations under FATCA, to determine that such Lender has or has not complied with such Lender’s obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for the purposes of this Section 2.14(g), “FATCA” shall include any amendments made to FATCA after the date of this Agreement, whether or not included in the definition of FATCA.

(h) Each Lender agrees that if any form or certification it previously delivered expires or becomes obsolete or inaccurate in any respect, it shall update such form or certification or promptly notify the Borrower and the Administrative Agent in writing of its legal inability to do so.

(i) For any period with respect to which a Lender organized under the laws of a jurisdiction outside the United States has failed to provide the Borrower with the appropriate form in accordance with Section 2.14(e) (unless such failure is excused by the terms of Section 2.14(e)), such Lender shall not be entitled to indemnification under Section 2.14(a) or 2.14(c) with respect to Taxes imposed by the United States; *provided, however*, that should a Lender, which is otherwise exempt from or subject to a reduced rate of withholding tax, become subject to Taxes because of its failure to deliver a form required hereunder, the Borrower shall take such steps as such Lender shall reasonably request to assist such Lender to recover such Taxes.

(j) Each Lender shall severally indemnify the Administrative Agent for any Taxes and Domestic Taxes (but only to the extent that the Borrower has not already indemnified the Administrative Agent for such Taxes and Domestic Taxes and without limiting the obligation, if any, of the Borrower to do so), in each case attributable to such Lender that are paid or payable by the Administrative Agent in connection with this Agreement or any Note, and any reasonable expenses arising therefrom or with respect thereto. This indemnification shall be made within 15 days from the date the Administrative Agent makes demand therefor.

(k) Each party’s obligations under this Section 2.14 shall survive 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 under this Agreement or any Note.

(l) If the Administrative Agent or a Lender determines, in its sole discretion, that it has received a refund of any Taxes or Other Taxes as to which it has been indemnified by the Borrower or with respect to which the Borrower has paid additional amounts pursuant to this Section, it shall pay over such refund to Borrower (but only to the extent of indemnity payments made, or additional amounts paid, by the Borrower under this Section with respect to the Taxes or Other Taxes giving rise to such refund), net of all out-of-pocket expenses with respect to such refund of the Administrative Agent or such Lender and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund); *provided* that the Borrower, upon the request of the Administrative Agent or such Lender, agrees to repay the amount paid over to the Borrower (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) to the Administrative Agent or such Lender in the event the Administrative Agent or such Lender is required to repay such refund to such Governmental Authority. This Section shall not be construed to require the Administrative Agent or any Lender to make available its tax returns (or any other information relating to its taxes which it deems confidential) to the Borrower or any other Person.

**Section 2.15. *Optional Increase in Commitments.*** Following the Effective Date, the Borrower may, if it so elects, increase the aggregate amount of the Commitments, either by designating a financial institution not theretofore a Lender (an “**Additional Lender**”) to become a Lender (such designation to be effective only with the prior written consent of the Administrative Agent and each Issuing Lender, which consents will not be unreasonably withheld or delayed), or by agreeing with an existing Lender (an “**Increasing Lender**”) that such Lender’s Commitment shall be increased. Upon execution and delivery by the Borrower and such Increasing Lender or Additional Lender of an instrument in form reasonably satisfactory to the Administrative Agent, together with such evidence of appropriate corporate authorization on the part of the Borrower with respect to the increased Commitments and such opinions of internal counsel for the Borrower with respect to the increased Commitments as the Administrative Agent may request, such existing Lender shall have a Commitment as therein set forth or such other financial institution shall become a Lender with a Commitment as therein set forth and all the rights and obligations of a Lender with such a Commitment hereunder; *provided*, that:

(i) the Borrower shall provide a written notice of such increase at least 15 Business Days prior to the Increase Effective Date (as defined below) to the Administrative Agent, who shall promptly notify the Lenders thereafter;

(ii) the conditions set forth in Section 3.02(b) shall be satisfied both on and as of the date of such notice and on and as of the effective date of any increase in Commitments pursuant to this Section 2.15 (the “**Increase Effective Date**”);

(iii) any such increase shall be in an amount of at least \$20,000,000 and, if such increase is greater than \$20,000,000, in integral multiples of \$1,000,000 in excess of such amount; and

(iv) immediately after such increase is made, the aggregate amount of the Commitments shall not exceed \$1,300,000,000.

On the Increase Effective Date, in the event that there are outstanding Loans, (i) each Additional Lender shall pay to the Administrative Agent an amount equal to its pro rata Share of the aggregate outstanding Loans (and funded participations, if any, in Letters of Credit) and (ii) each Increasing Lender shall pay to the Administrative Agent an amount equal to the increase in its pro rata Share of the aggregate outstanding Loans (and funded participations as above), in each case such payments shall be for the account of each other Lender. Upon receipt of such amount by the Administrative Agent, (A) each other Lender shall be deemed to have ratably assigned that portion of its outstanding Loans that is being reduced to the Additional Lenders and the Increasing Lenders in accordance with such Lender's new Commitment or the increased portion thereof as applicable, (B) the Administrative Agent shall promptly distribute to each other Lender its ratable share of the amounts received by the Administrative Agent pursuant to this paragraph and (C) the participations of the Lenders in outstanding Letters of Credit shall be determined in accordance with their Commitments after giving effect to such increase. For the avoidance of doubt, no existing Lender shall have any obligation to participate in such increase except in its absolute and sole discretion.

### ARTICLE 3 CONDITIONS TO LOANS AND LETTERS OF CREDIT

**Section 3.01.** *Conditions to Initial Loans and Letters of Credit.* The effectiveness of this Agreement is subject to satisfaction of each of the following conditions:

(a) On or before the Effective Date, the Borrower shall have delivered to the Lenders (or to the Administrative Agent with sufficient copies, originally executed where appropriate, for each Lender) each, unless otherwise noted, dated the Effective Date:

(i) Certified copies of its Certificate of Incorporation, together with a good standing certificate from the Secretary of State of the jurisdiction of its incorporation, each to be dated a recent date prior to the Effective Date;

(ii) Copies of its Bylaws, certified as of the Effective Date by its corporate secretary or an assistant secretary;

(iii) Resolutions of its board of directors, directly or indirectly, approving and authorizing the execution, delivery and performance of this Agreement and any other documents, instruments and certificates required to be executed by the Borrower in connection herewith and, directly or indirectly, approving and authorizing the incurrence of the Loans and the issuances of the Letters of Credit, each certified as of the Effective Date by its corporate secretary or an assistant secretary as being in full force and effect without modification or amendment;

(iv) Signature and incumbency certificates with respect to the Persons executing this Agreement;

(v) Executed copies of this Agreement; and

(vi) Such other documents as the Administrative Agent may reasonably request.

(b) The Borrower shall have paid all fees and other amounts due and payable to the Agents and the Lenders on or before the Effective Date and for which invoices have been received by the Borrower reasonably in advance of the Effective Date.

(c) The Administrative Agent shall have received an originally executed copy of the favorable written opinions of E. Robert Lupone, Esq., Executive Vice President and General Counsel of the Borrower and Jayne M. Donegan, Esq., Executive Counsel of the Borrower, each dated as of the Effective Date and substantially in the form of Exhibits B and C annexed hereto; the Borrower hereby expressly instructs such counsel to prepare such opinion and deliver it to the Lenders for their benefit and such opinion shall contain a statement to that effect.

(d) The Administrative Agent shall have received an originally executed copy of the favorable written opinion of Davis Polk & Wardwell LLP, special counsel to the Agents, dated as of the Effective Date, substantially in the form of Exhibit D annexed hereto.

(e) All outstanding principal amounts (if any), accrued interest and accrued fees under the Credit Agreement, dated as of September 30, 2016, as amended from time to time (the “**2016 Credit Agreement**”), among the Borrower, the lenders listed therein and JPMorgan Chase, as administrative agent, shall have been paid in full.

(f) To the extent such documentation and information has been requested by the Lenders, the Lenders shall have received all documentation and other information required by bank regulatory authorities under applicable “know your customer” and anti-money laundering rules and regulations, including the Patriot Act.

The Administrative Agent shall promptly notify the Borrower, the Lenders and the Administrative Agent of the satisfaction of the conditions set forth in this Section 3.01, and such notice shall be conclusive and binding on all parties hereto. The Lenders party hereto, comprising the “Required Lenders” under the 2016 Credit Agreement, and the Borrower agree that, upon the effectiveness of this Agreement, all commitments under the 2016 Credit Agreement shall terminate in their entirety, automatically and without any requirement of notice to any party, all “Letters of Credit” issued thereunder and still outstanding (all of which are Existing Letters of Credit) shall be Letters of Credit hereunder and the obligations of the parties under the 2016 Credit Agreement shall terminate, except as provided in Section 9.08(b) of the 2016 Credit Agreement. Promptly thereafter, the notes issued by the borrowers under the 2016 Credit Agreement shall be returned by the lenders thereunder to the Borrower, marked “Cancelled”.

**Section 3.02. Conditions to All Loans and Letters of Credit.** (i) The obligation of each Lender to make any Loans pursuant to a Notice of Borrowing is subject to prior or concurrent satisfaction or waiver by the Required Lenders and (ii) the obligation of an Issuing Lender to issue (or renew or extend the term of) any Letter of Credit is subject to the satisfaction or waiver by the Required Lenders, of the following further conditions precedent:

(a) With respect to any such Loan or Letter of Credit, the Administrative Agent shall have received, before the Funding Date thereof or date of issuance (or renewal or extension) of such Letter of Credit, (i) an originally executed Notice of Borrowing signed by any of the chief executive officer, the chief financial officer, the treasurer or any assistant treasurer of the Borrower or (ii) a Notice of Issuance as required by Section 2.12(c) (the furnishing by the Borrower of each such Notice of Borrowing or Notice of Issuance shall be deemed to constitute a representation and warranty of the Borrower that each of the conditions set forth in Section 3.02(b) hereof will be satisfied on the related Funding Date or date of issuance (or renewal or extension) of such Letter of Credit);

(b) As of the Funding Date of such Loan or date of issuance (or renewal or extension) of such Letter of Credit:

(i) With respect to such Loan or Letter of Credit, the representations and warranties contained herein shall be true, correct and complete in all material respects on and as of that Funding Date or date of issuance (or renewal or extension) of such Letter of Credit to the same extent as though made on and as of that date, except that the representations and warranties need not be true and correct to the extent that changes in the facts and conditions on which such representations and warranties are based are required or permitted under this Agreement, except that the representations and warranties set forth in Section 4.04 shall not apply (*provided* that if any such representation or warranty is qualified by “materially”, “Material Adverse Effect” or a similar term, such representation and warranty (as so qualified) shall be true and correct in all respects);

(ii) No event shall have occurred and be continuing or would result from the consummation of the Loans or the issuance (or renewal or extension) of the Letter of Credit on such Funding Date or date of issuance (or renewal or extension) of such Letter of Credit and the use of the proceeds thereof which would constitute (a) an Event of Default or (b) a Potential Event of Default;

(iii) The Borrower shall have performed in all material respects all agreements and satisfied in all material respects all conditions which this Agreement provides shall be performed by it on or before such Funding Date or date of issuance (or renewal or extension) of such Letter of Credit;

(iv) No order, judgment or decree of any court, arbitrator or governmental authority shall purport to enjoin or restrain that Lender from making that Loan or issuing (or renewing or extending) that Letter of Credit; and

(v) The making of the Loans or the issuance (or renewal or extension) of the Letter of Credit requested on such Funding Date or date of issuance (or renewal or extension) of such Letter of Credit shall not violate Regulation T, Regulation U or Regulation X or any other regulation of the Board or the Exchange Act.

## ARTICLE 4 REPRESENTATIONS AND WARRANTIES

In order to induce the Lenders to enter into this Agreement and to make the Loans and issue the Letters of Credit, the Borrower represents and warrants to each Lender as of the Effective Date that the following statements are true, correct and complete:

**Section 4.01. *Organization, Powers and Good Standing.*** (a) *Organization and Powers.* The Borrower is a corporation duly organized, validly existing and in good standing under the laws of its jurisdiction of incorporation. The Borrower has all requisite corporate power and authority (i) to own and operate its properties and to carry on its business as now conducted and proposed to be conducted, except where the lack of corporate power and authority would not have a Material Adverse Effect and (ii) to enter into this Agreement and to carry out the transactions contemplated hereby.

(b) *Good Standing.* The Borrower is in good standing wherever necessary to carry on its present business and operations, except in jurisdictions in which the failure to be in good standing would not have a Material Adverse Effect.

**Section 4.02. *Authorization of Borrowing, Etc.*** (a) *Authorization of Borrowing.* The execution, delivery and performance of this Agreement, and the borrowing of the Loans and the request for the issuance of each Letter of Credit, have been duly authorized by all necessary corporate action by the Borrower.

(b) *No Conflict.* The execution, delivery and performance by the Borrower of this Agreement and any Notes and the borrowing of the Loans and the request for the issuance of each Letter of Credit do not and will not (i) violate any provision of law applicable to the Borrower or any of its Subsidiaries except to the extent such violation would not reasonably be expected to result in a Material Adverse Effect, (ii) violate the Certificate of Incorporation or Bylaws of the Borrower or any of its Subsidiaries, (iii) violate any order, judgment or decree of any court or other Governmental Authority binding on the Borrower or any of its Subsidiaries, except to the extent such violation would not reasonably be expected to result in a Material Adverse Effect, (iv) conflict with, result in a breach of or constitute (with due notice or lapse of time or both) a default under any Contractual Obligation of the Borrower or any of its Subsidiaries, except to the extent such conflict, breach or default would not reasonably be expected to result in a Material Adverse Effect, or (v) result in or require the creation or imposition of any material Lien upon any of the material properties or assets of the Borrower or any of its Subsidiaries or (vi) require any approval of stockholders or any approval or consent of any Person under any Contractual Obligation of the Borrower or any of its Subsidiaries other than such approvals and consents which (x) have been or will be obtained on or before the Effective Date or (y) the failure to obtain would not reasonably be expected to result in a Material Adverse Effect.

(c) *Governmental Consents.* The execution, delivery and performance by the Borrower of this Agreement and the issuance, delivery and performance by the Borrower of any Notes will not require on the part of the Borrower any registration with, consent or approval of, or notice to, or other action to, with or by, any Governmental Authority other than any such

registration, consent, approval, notice or other action which (i) has been duly made, given or taken or (ii) the failure to make, obtain, give or take would not reasonably be expected to result in a Material Adverse Effect.

(d) *Binding Obligation.* This Agreement is and any Notes to be issued when executed and delivered and each Loan when made will be a legally valid and binding obligation of the Borrower enforceable against the Borrower in accordance with its respective terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or limiting creditors' rights generally or by equitable principles relating to enforceability.

**Section 4.03. *Financial Condition.*** The Borrower has delivered to the Lenders (i) the audited consolidated financial statements of the Borrower and its subsidiaries for the fiscal year ended December 29, 2018 and (ii) the unaudited consolidated financial statements of the Borrower and its subsidiaries for the six months ended June 29, 2019 (collectively, the "**Financial Statements**"). All such Financial Statements were prepared in accordance with generally accepted accounting principles except for the preparation of footnote disclosures for the unaudited statements. All such Financial Statements fairly present the consolidated financial position of the Borrower and its subsidiaries as at the respective dates thereof and the consolidated statements of income and cash flows of the Borrower and its subsidiaries for each of the periods covered thereby, subject, in the case of any unaudited interim financial statements, to changes resulting from normal year-end adjustments.

**Section 4.04. *No Material Adverse Change.*** Since December 29, 2018, there has been no change in the business, operations, properties, assets or financial condition of the Borrower or any of its Subsidiaries, which has been, either in any case or in the aggregate, materially adverse to the Borrower and its Subsidiaries, taken as a whole.

**Section 4.05. *Litigation.*** Except as disclosed in the Borrower's Annual Report on Form 10-K for the fiscal year ended December 29, 2018 and in the Financial Statements delivered to the Lenders pursuant to Section 4.03 hereof, there is no action, suit, proceeding, governmental investigation (including, without limitation, any of the foregoing relating to laws, rules and regulations relating to the protection of the environment, health and safety) of which the Borrower has knowledge or arbitration (whether or not purportedly on behalf of the Borrower or any of its Subsidiaries) at law or in equity or before or by any Governmental Authority, domestic or foreign, pending or, to the knowledge of the Borrower, threatened against or affecting the Borrower or any of its Subsidiaries or any property of the Borrower or any of its Subsidiaries which is probable of being successful and which would have a Material Adverse Effect.

**Section 4.06. *Payment of Taxes.*** Except to the extent permitted by Section 5.03, all taxes, assessments, fees and other governmental charges upon the Borrower and each of its Subsidiaries and upon their respective properties, assets, income and franchises which are material to the Borrower and its Subsidiaries, taken as a whole, and were due and payable, have been paid.

**Section 4.07. Governmental Regulation.** (a) Neither the Borrower nor any of its Subsidiaries is subject to any federal or state statute or regulation limiting its ability to incur Indebtedness for money borrowed as contemplated by this Agreement.

(b) Neither the Borrower nor any of its Subsidiaries is an “investment company” within the meaning of the Investment Company Act of 1940, as amended.

**Section 4.08. Securities Activities.** Neither the Borrower nor any of 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 any Margin Stock.

**Section 4.09. ERISA Compliance.** (a) The Borrower and its Subsidiaries and each of their respective ERISA Affiliates are in compliance with all applicable provisions of ERISA and the regulations and published interpretations thereunder with respect to all Pension Plans and all Multiemployer Plans, except as could not reasonably be expected, individually or in the aggregate, to result in a Material Adverse Effect.

(b) No Termination Event has occurred or is reasonably expected to occur with respect to any Pension Plan, as the case may be, which has resulted or would reasonably be expected to result in any liability to the PBGC (or any successor thereto) or to any other Person under Section 4062, 4063, or 4064 of ERISA, except as could not reasonably be expected, individually or in the aggregate, to result in a Material Adverse Effect.

(c) Neither the Borrower nor any of its ERISA Affiliates has incurred or reasonably expects to incur any withdrawal liability under Part E of Title IV of ERISA to any Multiemployer Plan except as could not reasonably be expected, individually or in the aggregate, to result in a Material Adverse Effect.

(d) The sum of the amount of unfunded benefit liabilities under all Pension Plans (excluding each Pension Plan with an amount of unfunded benefit liabilities of zero or less) which are required by ERISA to be funded in the current fiscal year could not reasonably be expected, individually or in the aggregate, to result in a Material Adverse Effect.

(e) Neither the Borrower nor any of its ERISA Affiliates has failed to satisfy the minimum funding standard (whether or not waived) with respect to any Pension Plan except as could not reasonably be expected, individually or in the aggregate, to result in a Material Adverse Effect.

(f) Neither the Borrower nor any of its ERISA Affiliates has or reasonably expects to become subject to a lien in favor of any Pension Plan under Section 303(k) of ERISA except as could not reasonably be expected, individually or in the aggregate, to result in a Material Adverse Effect.

As used in this Section 4.09, the term “**amount of unfunded benefit liabilities**” has the meaning specified in Section 4001(a)(18) of ERISA, and the term “**minimum funding standard**” has the meaning specified in Section 302 of ERISA and Section 412 of the Code.

**Section 4.10.** *Certain Fees.* No broker's or finder's fee or commission will be payable by the Borrower with respect to the offer, issuance and sale of any Note or the borrowing of any Loan or the execution, delivery and performance of this Agreement.

**Section 4.11.** *Subsidiaries.* Each of the Borrower's corporate Subsidiaries is a corporation duly incorporated, validly existing and in good standing under the laws of its jurisdiction of incorporation, and has all corporate powers and all material governmental licenses, authorizations, consents and approvals required to carry on its business as now conducted, except to the extent the failure to be in good standing or the failure to have such licenses, authorizations, consents or approvals would not reasonably be expected to result in a Material Adverse Effect.

**Section 4.12.** *Economic Sanctions and Anti-Corruption Matters.* The Borrower has implemented and will maintain in effect and use reasonable efforts to enforce policies and procedures designed to ensure compliance by the Borrower, its Subsidiaries and their respective directors, officers, employees and agents with Anti-Corruption Laws and applicable Sanctions, and the Borrower, its directors and officers, its Subsidiaries and their respective directors, executive officers and, to the knowledge of the Borrower, its and their respective employees, agents and Affiliates, are in compliance with Anti-Corruption Laws and applicable Sanctions in all material respects. None of the Borrower, any Subsidiary of the Borrower, or any director, officer or employee of the Borrower or any of its Subsidiaries, nor, to the knowledge of the Borrower, any agent or Affiliate of the Borrower or any of its Subsidiaries (i) is currently the subject of any Sanctions or (ii) is located, organized or residing in any Designated Jurisdiction. Neither the Borrower nor any Subsidiary of the Borrower will, directly or, to the knowledge of the Borrower indirectly, use or lend, contribute, provide or otherwise make available the proceeds of any Loan to any subsidiary, joint venture partner, or other Person, (a) to fund payments to any officer or employee of a Governmental Authority, or any Person controlled by a Governmental Authority, or any political party, official of a political party, candidate for political office, or anyone else acting in an official capacity on behalf of any of the foregoing, in violation of applicable Anti-Corruption Laws, (b) to fund any activity or business in, of or with, any Designated Jurisdiction or to fund any activity or business of or with any Person located, organized or residing in any Designated Jurisdiction or who, at the time of such funding, is the subject of any Sanctions to the extent that any such activity or business, or the funding of any such activity or business, would be prohibited for a Person required to comply with Sanctions.

**Section 4.13.** *EEA Financial Institution.* The Borrower is not an EEA Financial Institution.

## **ARTICLE 5 AFFIRMATIVE COVENANTS**

The Borrower covenants and agrees that, so long as any of the Commitments hereunder shall be in effect or there is any Total Outstanding Amount, unless Required Lenders shall otherwise give prior written consent, it shall perform all covenants in this Article 5:

**Section 5.01.** *Financial Statements and Other Reports.* The Borrower will maintain, and cause each of its subsidiaries to maintain, a system of accounting established and

administered in accordance with sound business practices to permit preparation of consolidated financial statements in conformity with GAAP in effect from time to time. The Borrower will deliver to the Lenders (except to the extent otherwise expressly provided below in Section 5.01(b)):

(a) (i) as soon as practicable and in any event within 45 days after the end of each fiscal quarter ending after the Effective Date in the Borrower's fiscal year the consolidated balance sheet of the Borrower and its consolidated subsidiaries as at the end of such period, and the related consolidated statements of income and cash flows of the Borrower and its consolidated subsidiaries in each case certified by the chief financial officer or controller of the Borrower that they fairly present the financial condition of the Borrower and its consolidated subsidiaries as at the dates indicated and the results of their operations and changes in their cash flows, subject to changes resulting from audit and normal year-end adjustments, based on their respective normal accounting procedures applied on a consistent basis (except as noted therein);

(ii) as soon as practicable and in any event within 90 days after the end of each fiscal year the consolidated balance sheet of the Borrower and its consolidated subsidiaries as at the end of such year and the related consolidated statements of income and cash flows of the Borrower and its consolidated subsidiaries for such fiscal year, accompanied by a report thereon of independent certified public accountants of recognized national standing selected by the Borrower which report shall be unqualified as to going concern and scope of audit and shall state that such consolidated financial statements present fairly the financial position of the Borrower and its consolidated subsidiaries as at the dates indicated and the results of their operations and changes in their cash flows for the periods indicated in conformity with generally accepted accounting principles applied on a basis consistent with prior years (except as noted in such report) and that the examination by such accountants in connection with such consolidated financial statements has been made in accordance with generally accepted auditing standards;

(b) (i) together with each delivery of financial statements of the Borrower and its consolidated subsidiaries pursuant to subdivisions (a)(i) and (a)(ii) above, (A) an Officer's Certificate of the Borrower stating that the signer has reviewed the terms of this Agreement and has made, or caused to be made under such signer's supervision, a review in reasonable detail of the transactions and condition of the Borrower and its consolidated subsidiaries during the accounting period covered by such financial statements and that such review has not disclosed the existence during or at the end of such accounting period, and that the signer does not have knowledge of the existence as at the date of the Officers' Certificate, of any condition or event which constitutes an Event of Default or Potential Event of Default, or, if any such condition or event existed or exists, specifying the nature and period of existence thereof and what action the Borrower has taken, is taking and proposes to take with respect thereto; and (B) a Compliance Certificate demonstrating in reasonable detail compliance (as determined in accordance with GAAP during and at the end of such accounting periods) with the restrictions contained in Section 6.03 and, in addition, a written statement of the chief accounting officer, chief financial officer, any vice president or the treasurer or any assistant treasurer of the Borrower describing in reasonable detail the differences between the financial information contained in such financial

statements and the information contained in the Compliance Certificate relating to the Borrower's compliance with Section 6.03 hereof;

(ii) promptly upon their becoming available but only to the extent requested by a Lender, copies of all publicly available financial statements, reports, notices and proxy statements sent or made available generally by the Borrower to its security holders or by any Subsidiary of the Borrower to its security holders other than the Borrower or another Subsidiary, of all regular and periodic reports and all registration statements and prospectuses, if any, filed by the Borrower or any of its Subsidiaries with any securities exchange or with the Securities and Exchange Commission and of all press releases and other statements made available generally by the Borrower or any Subsidiary to the public concerning material developments in the business of the Borrower and its Subsidiaries;

(iii) promptly upon the chairman of the board, the chief executive officer, the president, the chief accounting officer, the chief financial officer, the treasurer or the general counsel of the Borrower obtaining knowledge (A) of any condition or event which constitutes an Event of Default or Potential Event of Default, (B) that any Person has given any notice to the Borrower or any Subsidiary of the Borrower or taken any other action with respect to a claimed default or event or condition of the type referred to in Section 7.02, (C) of a material adverse change in the business, operations, properties, assets or condition (financial or otherwise) of the Borrower and its Subsidiaries, taken as a whole (other than any change which has been publicly disclosed), an Officer's Certificate specifying the nature and period of existence of any such condition or event, or specifying the notice given or action taken by such holder or Person and the nature of such claimed default, Event of Default, Potential Event of Default, event or condition, and what action the Borrower has taken, is taking and proposes to take with respect thereto; and

(iv) with reasonable promptness, (x) such other information and data with respect to the Borrower or any of its subsidiaries as from time to time may be reasonably requested by any Lender and (y) information and documentation reasonably requested by the Administrative Agent or any Lender for purposes of compliance with applicable "know your customer" and anti-money laundering rules and regulations, including the Patriot Act.

Information required to be delivered pursuant to Sections 5.01(a) and 5.01(b)(ii) above shall be deemed to have been delivered on the date on which the Borrower provides notice to the Lenders that such information has been posted on the Borrower's website on the Internet at the website address listed on the signature pages hereof, at <https://www.sec.gov/edgar/searchedgar/webusers.htm> or at another website identified in such notice and accessible by the Lenders without charge; *provided* that (i) such notice may be included in a certificate delivered pursuant to Section 5.01(b) and (ii) the Borrower shall deliver paper copies of the information referred to in Sections 5.01(a) and 5.01(b)(ii) to any Lender which requests such delivery. The information required to be delivered pursuant to Section 5.01(b) may be delivered electronically to the Administrative Agent.

**Section 5.02.** *Conduct of Business and Corporate Existence.*

(a) Except as permitted by Section 6.01, the Borrower will at all times preserve and keep in full force and effect its corporate existence.

(b) Except as permitted by Section 6.01, the Borrower will at all times preserve and keep in full force and effect, and will cause each of its Subsidiaries to preserve and keep in full force and effect their respective rights and franchises of the business, except to the extent any such failure would not reasonably be expected to result in a Material Adverse Effect.

**Section 5.03.** *Payment of Taxes.* The Borrower will, and will cause each of its Subsidiaries to, pay all taxes, assessments and other governmental charges imposed upon it or any of its properties or assets or in respect of any of its franchises, business, income or property when due which are material to the Borrower and its Subsidiaries, taken as a whole, *provided* that no such amount need be paid if being contested in good faith by appropriate proceedings promptly instituted and diligently conducted and if such reserve or other appropriate provision, if any, as shall be required in conformity with generally accepted accounting principles shall have been made therefor.

**Section 5.04.** *Maintenance of Properties; Insurance.* The Borrower will maintain or cause to be maintained in good repair, working order and condition all properties used or useful in the business of the Borrower and its Subsidiaries and from time to time will make or cause to be made all appropriate repairs and renewals thereto and replacements thereof, except to the extent the failure to so maintain, repair, renew or replace would not reasonably be expected to result in a Material Adverse Effect. The Borrower will maintain or cause to be maintained, with financially sound and reputable insurers, insurance with respect to its material properties and business and the material properties and business of its Subsidiaries against loss or damage of the kinds customarily insured against by corporations of established reputation engaged in the same or similar businesses and similarly situated, of such types and in such amounts as are customarily carried under similar circumstances by such other corporations and to the extent reasonably prudent may self-insure.

**Section 5.05.** *Inspection.* The Borrower shall permit any authorized representatives designated by any Lender to visit and inspect any of the properties of the Borrower or any of its Subsidiaries, including its and their financial and accounting records, and, to make copies and take extracts therefrom, and to discuss its and their affairs, finances and accounts with its and their officers, all upon reasonable notice and at such reasonable times during normal business hours and as often as may be reasonably requested; *provided* that any confidential information so obtained by any Lender shall remain confidential except where disclosure is mandated by applicable laws or such information otherwise becomes public other than by a breach by such Lender of this Section 5.05; *provided further* that this Section shall not prohibit any Lender from disclosing to any Agent (or any Agent from disclosing to any Lender) any Event of Default or Potential Event of Default.

**Section 5.06.** *Compliance with Laws.* The Borrower and its Subsidiaries shall comply in all material respects with the requirements of all applicable laws, rules, regulations and orders of any Governmental Authority (including, without limitation, laws, rules and regulations relating

to the disposal of hazardous wastes and asbestos in the environment and ERISA), noncompliance with which would have a Material Adverse Effect.

## ARTICLE 6 NEGATIVE COVENANTS

The Borrower covenants and agrees that, so long as any of the Commitments shall be in effect or there is any Total Outstanding Amount, unless the Required Lenders shall otherwise give prior written consent, it will perform all covenants in this Article 6:

**Section 6.01. Merger.** The Borrower may not consolidate with, merge with or into or sell, lease or otherwise transfer all or substantially all of its assets (as an entirety or substantially as an entirety in one transaction or a series of related transactions) to any Person unless:

(a) the Borrower shall be the continuing Person, or the Person (if other than the Borrower) formed by such consolidation or into which the Borrower is merged or to which the properties and assets of the Borrower are sold, leased or transferred shall be a solvent corporation organized and existing under the laws of the United States or any State thereof or the District of Columbia and shall (A) expressly assume, by an agreement, executed and delivered to the Lenders, in form and substance reasonably satisfactory to the Administrative Agent, all of the obligations of the Borrower under this Agreement and the Notes and (B) deliver to the Administrative Agent, to the extent such documentation and information has been requested by any Lender, all documentation and other information required by bank regulatory authorities under applicable “know your customer” and anti-money laundering rules and regulations, including the Patriot Act;

(b) immediately before and immediately after giving effect to such transaction, no Event of Default and no Potential Event of Default shall have occurred and be continuing; and

(c) the Borrower shall deliver to the Lenders an Officer’s Certificate (attaching the arithmetic computations to demonstrate compliance with Section 6.03) and an opinion of counsel, each stating that such consolidation, merger, sale, lease or transfer and such agreement comply with this Section 6.01 and that all conditions precedent herein provided for relating to such transaction have been complied with.

**Section 6.02. Liens.** The Borrower will not, and will not permit any of its Subsidiaries to, directly or indirectly, create, incur, assume or permit to exist any Lien on or with respect to any property or asset (including any document or instrument in respect of goods or accounts receivable) (other than Margin Stock) of the Borrower or any of its Subsidiaries, whether now owned or hereafter acquired, or any income or profits therefrom, except:

(i) Liens in existence on the date hereof and modifications, extensions, renewals, replacements or refinancings thereof, *provided* that such Liens are not extended to cover any other property, assets or revenues;

(ii) Permitted Encumbrances;

(iii) Liens on accounts receivable sold with recourse;

(iv) Liens incurred in connection with the acquisition or capital improvement of property, plant or equipment by the Borrower or any of its Subsidiaries, *provided* that the principal amount of the indebtedness so secured shall not exceed in any case 100% of the cost to the Borrower or such Subsidiary of the property, plant or equipment acquired and *provided, further*, that each such Lien shall cover only the property, plant or equipment acquired or improved and the proceeds thereof, substitutions therefor and replacements thereof;

(v) Liens existing upon any property of a company which is merged with or into or is consolidated into, or substantially all the assets or shares of capital stock of which are acquired by, the Borrower or its Subsidiaries, at the time of such merger, consolidation or acquisition; provided that such mortgage, pledge or other lien does not extend to any other property or assets, other than improvements to the property subject to such Lien; and

(vi) Liens (other than Liens permitted by clauses (i)-(v) above) securing obligations of the Borrower and its Subsidiaries (including Indebtedness) not in excess of an amount equal to the Pooled Basket Amount less the amount of unsecured Indebtedness of Subsidiaries permitted only pursuant to Section 6.05(a) (iii).

Nothing in this Section 6.02 shall prohibit the sale, assignment, transfer, conveyance or other disposition of any Margin Stock owned by the Borrower or any of its Subsidiaries at its fair value, or the creation, incurrence, assumption or existence of any Lien on or with respect to any Margin Stock.

**Section 6.03. *Financial Covenant.*** The Borrower will not at any time permit Consolidated Indebtedness of Textron Manufacturing to exceed an amount equal to 65% of Consolidated Capitalization.

**Section 6.04. *Use of Proceeds.*** Notwithstanding any provisions of this Agreement to the contrary, no portion of the proceeds of any borrowing or the Letters of Credit issued under this Agreement shall be used by the Borrower in any manner which would cause the borrowing or the application of such proceeds to violate Regulation U, Regulation T, or Regulation X or any other regulation of the Board or to violate the Exchange Act, in each case as in effect on the date or dates of such borrowing and such use of proceeds.

**Section 6.05. *Subsidiary Indebtedness.***

(a) The Borrower will not permit any of its Subsidiaries, other than Finance Companies, to incur or be liable in respect of any Indebtedness, other than:

(i) Indebtedness owing to the Borrower or another Subsidiary;

(ii) Indebtedness secured by a Lien permitted by Section 6.02; and

(iii) Unsecured Indebtedness not in excess of an amount equal to the Pooled Basket Amount less the amount of Indebtedness of the Borrower secured by Liens permitted only pursuant to Section 6.02(vi).

(b) The Borrower will not permit the Finance Company Leverage Ratio at any time to exceed 9 to 1.

## ARTICLE 7 EVENTS OF DEFAULT

If any of the following conditions or events (“**Events of Default**”) shall occur and be continuing:

**Section 7.01. *Failure to Make Payments When Due.*** Failure to pay any installment of principal of any Loan or any reimbursement obligation in respect of any drawing under a Letter of Credit when due, whether at stated maturity, by acceleration, by notice of prepayment or otherwise; or failure to pay any interest on any Loan or any other amount due under this Agreement when due and such default shall continue for 5 days; or

**Section 7.02. *Default in Other Agreements.*** (i) Failure of the Borrower or any of its Subsidiaries to pay when due any principal or interest on any Indebtedness (other than Indebtedness referred to in Section 7.01) in an individual principal amount of \$100,000,000 or more or items of Indebtedness with an aggregate principal amount of \$100,000,000 or more beyond the end of any period prior to which the obligee thereunder is prohibited from accelerating payment thereunder or any grace period after the maturity thereof, or (ii) breach or default of the Borrower or any of its Subsidiaries (other than a default arising under any restrictive provision relating to any sale, pledge or other disposition of Margin Stock contained in a lending agreement to which any Lender or Affiliate thereof is a party) with respect to any other term of (x) any evidence of any Indebtedness in an individual principal amount of \$100,000,000 or more or items of Indebtedness with an aggregate principal amount of \$100,000,000 or more or (y) any loan agreement, mortgage, indenture or other agreement relating thereto, if such failure, default or breach shall continue for more than the period of grace, if any, specified therein and shall not at the time of acceleration hereunder be cured or waived; or

**Section 7.03. *Breach of Certain Covenants.*** Failure of the Borrower to perform or comply with any term or condition contained in (i) Section 5.02, 6.01, 6.03 or 6.04 of this Agreement or (ii) Section 6.05(b) of this Agreement, and in the case of clause (ii) only, such failure to perform or comply shall continue unremedied or waived for five Business Days; or

**Section 7.04. *Breach of Warranty.*** Any representation or warranty made by the Borrower in this Agreement or in any statement or certificate at any time given by such Person in writing pursuant hereto or thereto or in connection herewith or therewith shall be false in any material respect on the date as of which made; or

**Section 7.05. *Other Defaults under Agreement.*** The Borrower shall default in the performance of or compliance with any term contained in this Agreement other than those referred to above in Section 7.01, 7.03 or 7.04 and such default shall not have been remedied or

waived within 30 days after receipt of notice from the Administrative Agent or any Lender of such default; or

**Section 7.06.** *Involuntary Bankruptcy; Appointment of Receiver, etc.* (a) A court having jurisdiction in the premises shall enter a decree or order for relief in respect of the Borrower or any of its Restricted Subsidiaries in an involuntary case under the Bankruptcy Code or any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, which decree or order is not stayed; or any other similar relief shall be granted under any applicable federal or state law; or (b) an involuntary case is commenced against the Borrower or any of its Restricted Subsidiaries under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect; or a decree or order of a court having jurisdiction in the premises for the appointment of a receiver, liquidator, sequestrator, trustee, custodian or other officer having similar powers over the Borrower or any of its Restricted Subsidiaries, or over all or a substantial part of its property, shall have been entered; or an interim receiver, trustee or other custodian of the Borrower or any of its Restricted Subsidiaries for all or a substantial part of the property of the Borrower or any of its Restricted Subsidiaries is involuntarily appointed; or a warrant of attachment, execution or similar process is issued against any substantial part of the property of the Borrower or any of its Restricted Subsidiaries, and the continuance of any such events in subpart (b) for 60 days unless dismissed, bonded or discharged; or

**Section 7.07.** *Voluntary Bankruptcy; Appointment of Receiver, etc.* The Borrower or any of its Restricted Subsidiaries shall have an order for relief entered with respect to it or commence a voluntary case under the Bankruptcy Code or any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or shall consent to the entry of an order for relief in an involuntary case, or to the conversion of an involuntary case to a voluntary case, under any such law, or shall consent to the appointment of or taking possession by a receiver, trustee or other custodian for all or a substantial part of its property; the making by the Borrower or any of its Restricted Subsidiaries of any assignment for the benefit of creditors; or the inability or failure of the Borrower or any of its Restricted Subsidiaries, or the admission by the Borrower or any of its Restricted Subsidiaries in writing of its inability to pay its debts as such debts become due; or the board of directors of the Borrower or any Restricted Subsidiary (or any committee thereof) adopts any resolution or otherwise authorizes action to approve any of the foregoing; or

**Section 7.08.** *Judgments and Attachments.* Any money judgment, writ or warrant of attachment, or similar process involving individually or in the aggregate an amount in excess of \$100,000,000 shall be entered or filed against the Borrower or any Restricted Subsidiary or any of its assets and shall remain undischarged, unvacated, unbonded or unstayed, as the case may be, for a period of 30 days or in any event later than five days prior to the date of any proposed sale thereunder; or

**Section 7.09.** *Dissolution.* Any order, judgment or decree shall be entered against the Borrower or any of its Restricted Subsidiaries decreeing the dissolution or split up of the Borrower or that Restricted Subsidiary and such order shall remain undischarged or unstayed for a period in excess of 30 days; or

**Section 7.10. ERISA Title IV Liabilities.** (a) The Borrower or any of its ERISA Affiliates shall terminate or experience the termination of (by action of the PBGC or any successor thereto) any Pension Plan, or shall experience the appointment of or the institution of proceedings to appoint a trustee to administer any Pension Plan, or shall withdraw (under Section 4063 of ERISA) from a Pension Plan, if as of the date thereof or any subsequent date the sum of the Borrower's and each ERISA Affiliate's liabilities to the PBGC or any other Person under Sections 4062, 4063 and/or 4064 of ERISA (calculated after giving effect to the tax consequences thereof) resulting from or otherwise associated with the above described events could reasonably be expected to result in a Material Adverse Effect; or

(b) The Borrower or any of its ERISA Affiliates shall withdraw from any Multiemployer Plan and the aggregate amount of withdrawal liability (determined pursuant to Sections 4201 *et seq.* of ERISA) to which the Borrower and/or its ERISA Affiliates become obligated to all such Multiemployer Plans could reasonably be expected to result in a Material Adverse Effect; or

**Section 7.11. Change of Control.** A Change of Control shall occur;

THEN (i) upon the occurrence of any Event of Default described in the foregoing Sections 7.06 or 7.07, the unpaid principal amount of and accrued interest on all the Loans and any outstanding reimbursement obligation in respect of any drawing under a Letter of Credit shall automatically become immediately due and payable, without presentment, demand, protest or other requirements of any kind, all of which are hereby expressly waived by the Borrower, and the Commitments and the obligation of each Lender to make any Loans hereunder and the obligation of each Issuing Lender to issue any Letter of Credit hereunder shall thereupon terminate, and (ii) upon the occurrence of any other Event of Default, the Required Lenders may, by written notice to the Borrower, (A) terminate the Commitments and the obligation of each Lender to make any Loans hereunder and the obligation of each Issuing Lender to issue any Letter of Credit hereunder shall thereupon terminate and/or (B) declare the unpaid principal amount of and accrued interest on all the Loans and any outstanding reimbursement obligation in respect of any drawing under a Letter of Credit to be, and the same shall forthwith become, immediately due and payable. Nevertheless, if at any time within 60 days after acceleration of the maturity of the Loans and any outstanding reimbursement obligation in respect of any drawing under a Letter of Credit, the Borrower shall pay all arrears of interest and all payments on account of the principal or any outstanding reimbursement obligation in respect of any drawing under a Letter of Credit which shall have become due otherwise than by acceleration (with interest on principal and, to the extent permitted by law, on overdue interest, at the rates specified in this Agreement) and all other fees and expenses then owed hereunder and all Events of Default and Potential Events of Default (other than non-payment of principal of and accrued interest on the Loans and any outstanding reimbursement obligation in respect of any drawing under a Letter of Credit, in each case due and payable solely by virtue of acceleration) shall be remedied or waived pursuant to Section 9.05, then the Required Lenders by written notice to the Borrower may (in their sole discretion) rescind and annul the acceleration and its consequences; but such action shall not affect any termination of the Commitments or any subsequent Event of Default or Potential Event of Default or impair any right consequent thereon.

**Section 7.12. Cash Cover.** The Borrower agrees, in addition to the provisions in Article 7, that upon the occurrence and during the continuance of any Event of Default, it shall, if requested by the Administrative Agent upon the instruction of the Lenders having more than 50% of the Letter of Credit Liabilities, pay to the Administrative Agent an amount in immediately available funds (which funds shall be held as collateral pursuant to arrangements satisfactory to the Administrative Agent for the benefit of the Lenders and the Issuing Lenders) equal to the aggregate amount available for drawing under all Letters of Credit outstanding at such time, *provided* that, upon the occurrence of any Event of Default specified in Section 7.06 or 7.07 with respect to the Borrower, the Borrower shall pay such amount forthwith without any notice or demand or any other act by the Administrative Agent or the Lenders.

## **ARTICLE 8 AGENTS**

**Section 8.01. Appointment.** (a) Each of the Lenders hereby appoints and authorizes the entity named as Administrative Agent in the heading of this Agreement and its successors and assigns to act hereunder and under the other instruments and agreements referred to herein as its agent hereunder and thereunder. Each Agent agrees to act as such upon the express conditions contained in this Article 8. The provisions of this Article 8 are solely for the benefit of the Agents, and the Borrower shall not have any rights as a third party beneficiary of or any obligations under any of the provisions hereof other than Sections 8.05 and 8.06. In performing its functions and duties under this Agreement, each Agent shall act solely as agent of the Lenders and does not assume and shall not be deemed to have assumed any obligation towards or relationship of agency or trust with or for the Borrower. Without limiting the foregoing, each Lender hereby authorizes the Administrative Agent to execute and deliver, and to perform its obligations under, each of the Loan Documents to which the Administrative Agent is a party, and to exercise all rights, powers and remedies that the Administrative Agent may have under such Loan Documents.

(b) In case of the pendency of any proceeding with respect to the Borrower under any federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect, the Administrative Agent (irrespective of whether the principal of any Loan or any Reimbursement Obligation shall then be due and payable as herein expressed or by declaration or otherwise and irrespective of whether the Administrative Agent shall have made any demand on the Borrower) shall be entitled and empowered (but not obligated) 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 and all Reimbursement 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 Issuing Lenders and the Administrative Agent (including any claim under Sections 2.05, 2.06, 2.14, 9.02, 9.03 and 9.10) 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 proceeding is hereby authorized by each Lender and each Issuing Lender 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 Lender or the Issuing Lenders, to pay to the Administrative Agent any amount due to it, in its capacity as the Administrative Agent, under the Loan Documents (including under Sections 9.02 and 9.03). 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 Issuing Lender any plan of reorganization, arrangement, adjustment or composition affecting the obligations or the rights of any Lender or Issuing Lender or to authorize the Administrative Agent to vote in respect of the claim of any Lender or Issuing Lender in any such proceeding.

**Section 8.02. Powers; General Immunity; Duties Specified.** (a) Each Lender irrevocably authorizes each Agent to take such action on such Lender's behalf and to exercise such powers hereunder and under the other instruments and agreements referred to herein as are specifically delegated to such Agent by the terms hereof and thereof, together with such powers as are reasonably incidental thereto. The Agents shall have only those duties and responsibilities which are expressly specified in this Agreement and each may perform such duties by or through its agents or employees. The duties of the Agents shall be mechanical and administrative in nature; and no Agent shall have by reason of this Agreement a fiduciary or trust relationship in respect of any Lender or its Affiliates, and nothing in this Agreement, expressed or implied, is intended to or shall be so construed as to impose upon the Agents any obligations in respect of this Agreement or the other instruments and agreements referred to herein except as expressly set forth herein or therein. Each Lender agrees that it will not assert any claim against the Administrative Agent based on an alleged breach of fiduciary duty by the Administrative Agent in connection with this Agreement and/or the transactions contemplated hereby.

(b) *No Responsibility for Certain Matters.* (i) No Agent shall be responsible to any Lender for the execution, effectiveness, genuineness, validity, enforceability, collectibility or sufficiency of this Agreement or any Loan or any Letter of Credit, or for any representations, warranties, recitals or statements made herein or therein or made in any written or oral statement or in any financial or other statements, instruments, reports, certificates or any other documents in connection herewith or therewith furnished or made by such Agent to any Lender or by or on behalf of the Borrower to such Agent or any Lender, or be required to ascertain or inquire as to the performance or observance of any of the terms, conditions, provisions, covenants or agreements contained herein or therein or as to the use of the proceeds of the Loans or the Letters of Credit, or of the existence or possible existence of any Event of Default or Potential Event of Default.

(ii) The Administrative Agent shall be deemed not to have knowledge of any default unless and until written notice thereof (stating that it is a "notice of default") is given to the Administrative Agent by the Borrower, a Lender or an Issuing Lender, and the Administrative Agent shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with any Loan Document, (ii) the contents of any certificate, report or other document delivered thereunder or in connection therewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth in any Loan

Document or the occurrence of any default, (iv) the sufficiency, validity, enforceability, effectiveness or genuineness of any Loan Document or any other agreement, instrument or document, or (v) the satisfaction of any condition set forth in Article 3 or elsewhere in any Loan Document, other than to confirm receipt of items (which on their face purport to be such items) expressly required to be delivered to the Administrative Agent or satisfaction of any condition that expressly refers to the matters described therein being acceptable or satisfactory to the Administrative Agent.

(iii) Without limiting the foregoing, the Administrative Agent (i) may treat the payee of any promissory note as its holder until such promissory note has been assigned in accordance with Section 9.15, (ii) may rely on the Register to the extent set forth in Section 9.15, (iii) may consult with legal counsel (including counsel to the Borrower), independent public accountants and other experts selected by it, and shall not be liable for any action taken or omitted to be taken in good faith by it in accordance with the advice of such counsel, accountants or experts, (iv) makes no warranty or representation to any Lender or Issuing Lender and shall not be responsible to any Lender or Issuing Lender for any statements, warranties or representations made by or on behalf of the Borrower in connection with this Agreement or any other Loan Document, (v) in determining compliance with any condition hereunder to the making of a Loan, or the issuance of a Letter of Credit, that by its terms must be fulfilled to the satisfaction of a Lender or an Issuing Lender, may presume that such condition is satisfactory to such Lender or Issuing Lender unless the Administrative Agent shall have received notice to the contrary from such Lender or Issuing Lender sufficiently in advance of the making of such Loan or the issuance of such Letter of Credit and (vi) 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 notice, consent, certificate or other instrument or writing (which writing may be a fax, an electronic message, Internet or intranet website posting or other distribution) and believed by it to be genuine and signed or sent or otherwise authenticated by the proper party or parties.

(c) *Exculpatory Provisions.* Neither any Agent nor any of their respective officers, directors, employees or agents shall be responsible or liable to any Lender for any action taken or omitted hereunder or under the Notes or in connection herewith or therewith unless caused by its or their gross negligence or willful misconduct. If an Agent shall request instructions from any Lender with respect to any act or action (including the failure to take an action) in connection with this Agreement, such Agent shall be entitled to refrain from such act or taking such action unless and until such Agent shall have received instructions from the Required Lenders. Without prejudice to the generality of the foregoing, (i) the Agents shall be entitled to rely, and shall be fully protected in relying, upon any communication, instrument or document believed by it to be genuine and correct and to have been signed or sent by the proper person or persons, and shall be entitled to rely and shall be protected in relying on opinions and judgments of attorneys (who may be attorneys for the Borrower), accountants, experts and other professional advisors selected by it; and (ii) no Lender shall have any right of action whatsoever against any Agent as a result of such Agent acting or (where so instructed) refraining from acting under this Agreement or the other instruments and agreements referred to herein or therein in accordance with the instructions of the Required Lenders. The Agents shall be entitled to refrain from exercising any power, discretion or authority vested in it under this Agreement or the other instruments and agreements

referred to herein or therein unless and until it has obtained the instructions of the Required Lenders; provided, however, that the Administrative Agent shall not be required to take any action that (i) the Administrative Agent in good faith reasonably believes exposes it to liability unless the Administrative Agent receives an indemnification and is exculpated in a manner satisfactory to it from the Lenders and the Issuing Lenders with respect to such action or (ii) is contrary to this Agreement or any other Loan Document or applicable law, including any action that may be in violation of the automatic stay under any requirement of law relating to bankruptcy, insolvency or reorganization or relief of debtors or that may effect a forfeiture, modification or termination of property of a Defaulting Lender in violation of any requirement of law relating to bankruptcy, insolvency or reorganization or relief of debtors; provided, further, that the Administrative Agent may seek clarification or direction from the Required Lenders prior to the exercise of any such instructed action and may refrain from acting until such clarification or direction has been provided. Nothing in this Agreement shall require the Administrative Agent to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder or in the exercise of any of its rights or powers if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(d) *Agents Entitled to Act as Lender.* The agency hereby created shall in no way impair or affect any of the rights and powers of, or impose any duties or obligations upon, any Agent in its respective individual capacity as a Lender hereunder. With respect to its participation in the Loans and the Letters of Credit, each of JPMorgan Chase, Bank of America, N.A., Citibank, N.A. and MUFG Bank, Ltd. shall have the same rights and powers hereunder as any other Lender and may exercise the same as though it were not performing the duties and functions delegated to it hereunder, and the term “**Lender**” or “**Lenders**” or any similar term shall, unless the context clearly otherwise indicates, include the Agents in their respective individual capacity. Each of JPMorgan Chase, Bank of America, N.A., Citibank, N.A. and MUFG Bank, Ltd. and their respective Affiliates may accept deposits from, lend money to and generally engage in any kind of banking, trust, financial advisory or other business with the Borrower or any Affiliate or Subsidiary of the Borrower as if it were not performing the duties specified herein, and may accept fees and other consideration from the Borrower or any such Affiliate or Subsidiary for services in connection with this Agreement and otherwise without having to account for the same to the Lenders.

**Section 8.03.** *Representations and Warranties; No Responsibility for Appraisal of Creditworthiness.* Each Lender represents and warrants that it has made its own independent investigation of the financial condition and affairs of the Borrower in connection with the making of the Loans hereunder and has made and shall continue to make its own appraisal of the creditworthiness of the Borrower. No Agent shall have any duty or responsibility either initially or on a continuing basis to make any such investigation or any such appraisal on behalf of any Lender or to provide any Lender with any credit or other information with respect thereto whether coming into its possession before the making of the Loan or the issuance of the Letter of Credit or any time or times thereafter, and no Agent shall further have any responsibility with respect to the accuracy of or the completeness of the information provided to the Lenders.

**Section 8.04.** *Right to Indemnity.* Each Lender severally in accordance with its Applicable Percentage agrees to indemnify each Agent and each Issuing Lender and the officers,

directors, employees, agents and advisors and affiliates of each of them to the extent such Agent or Issuing Lender shall not have been reimbursed by the Borrower, for and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses (including, without limitation, counsel fees and disbursements) or disbursements of any kind or nature whatsoever which may be imposed on, incurred by or asserted against such Agent or Issuing Lender in performing its duties hereunder or under the Notes or any Letter of Credit or in any way relating to or arising out of this Agreement; *provided* that no Lender shall be liable for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from an Agent's gross negligence or willful misconduct; *provided further* that nothing in this Section 8.04 shall affect any right that a Lender may have against an Issuing Lender under Section 2.12(f)(ii). If any indemnity furnished to an Agent or Issuing Lender for any purpose shall, in the opinion of such Agent or Issuing Lender, be insufficient or become impaired, such Agent or Issuing Lender may call for additional indemnity and cease, or not commence, to do the acts indemnified against until such additional indemnity is furnished.

**Section 8.05. *Resignation by or Removal of the Agents.*** (a) Any Agent may resign from the performance of all its functions and duties hereunder at any time by giving 30 days' prior written notice to the Borrower and the Lenders. Such resignation shall take effect upon the acceptance by a successor Agent of appointment pursuant to clauses (b) and (c) below or as otherwise provided below. In addition, in the event the Administrative Agent becomes a Defaulting Lender, the Administrative Agent may be removed by the Borrower, with the consent of the Required Lenders.

(b) Upon any such notice of resignation or upon any such removal, the Required Lenders shall appoint a successor Agent who shall be satisfactory to the Borrower and shall be an incorporated bank or trust company with a combined surplus and undivided capital of at least \$500 million.

(c) In the case of resignation of an Agent, if a successor Agent shall not have been so appointed within said 30 day period, the resigning Agent, with the consent of the Borrower, shall then appoint a successor Agent who shall serve in the same capacity as the resigning Agent until such time, if any, as the Required Lenders, with the consent of the Borrower, appoint a successor Agent as provided above.

**Section 8.06. *Successor Agents.*** (a) Any Agent may resign at any time as provided in Section 8.05 hereof. Upon any such notice of resignation, the Required Lenders shall have the right, upon five days' notice to the Borrower and subject to Section 8.05 hereof, to appoint a successor Agent. Upon the acceptance of any appointment by a successor Agent, that successor Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Agent, and the retiring Agent shall be discharged from its duties and obligations as an Agent under this Agreement. After any retiring Agent's resignation hereunder as an Agent the provisions of this Article 8 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was an Agent under this Agreement.

(b) Notwithstanding paragraph (a) of this Section, in the event no successor Administrative Agent shall have been so appointed and shall have accepted such appointment

within 30 days after the retiring Administrative Agent gives notice of its intent to resign, the retiring Administrative Agent may give notice of the effectiveness of its resignation to the Lenders, the Issuing Lenders and the Borrower, whereupon, on the date of effectiveness of such resignation stated in such notice, (i) the retiring Administrative Agent shall be discharged from its duties and obligations hereunder and under the other Loan Documents; and (ii) the retiring Administrative Agent, on behalf of the Lenders and the Issuing Lenders, may appoint a successor Administrative Agent, subject to the prior written approval of the Borrower and such successor, which successor Administrative Agent shall be a bank with an office in New York, New York, or an Affiliate of any such bank, and such successor shall succeed to and become vested with all the rights, powers, privileges and duties of the retiring Administrative Agent. If no successor is appointed by the Administrative Agent in such notice, the Required Lenders shall succeed to and become vested with all the rights, powers, privileges and duties of the retiring Administrative Agent; provided that (A) all payments required to be made hereunder or under any other Loan Document to the Administrative Agent for the account of any Person other than the Administrative Agent shall be made directly to such Person and (B) all notices and other communications required or contemplated to be given or made to the Administrative Agent shall directly be given or made to each Lender and each Issuing Lender. Following the effectiveness of the Administrative Agent's resignation from its capacity as such, the provisions of this Article and Sections 9.02, 9.03 and 9.10, as well as any exculpatory, reimbursement and indemnification provisions set forth in any other Loan Document, shall continue in effect for the benefit of such retiring Administrative Agent, its sub-agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while the retiring Administrative Agent was acting as Administrative Agent.

**Section 8.07. *Other Agents.*** Nothing in this Agreement shall impose upon any Agent other than the Administrative Agent any duty or liability whatsoever in its capacity as an Agent.

**Section 8.08. *Posting of Communications.*** (a) The Borrower agrees that the Administrative Agent may, but shall not be obligated to, make any Communications available to the Lenders and the Issuing Lenders by posting the Communications on IntraLinks™, DebtDomain, SyndTrak, ClearPar or any other electronic platform chosen by the Administrative Agent to be its electronic transmission system (the "***Approved Electronic Platform***").

(b) Although the Approved Electronic Platform and its primary web portal are secured with generally-applicable security procedures and policies implemented or modified by the Administrative Agent from time to time (including, as of the Effective Date, a user ID/password authorization system) and the Approved Electronic Platform is secured through a per-deal authorization method whereby each user may access the Approved Electronic Platform only on a deal-by-deal basis, each of the Lenders, each of the Issuing Lenders and the Borrower acknowledges and agrees that the distribution of material through an electronic medium is not necessarily secure, that the Administrative Agent is not responsible for approving or vetting the representatives or contacts of any Lender that are added to the Approved Electronic Platform, and that there may be confidentiality and other risks associated with such distribution. Each of the Lenders, each of the Issuing Lenders and the Borrower hereby approves distribution of the Communications through the Approved Electronic Platform and understands and assumes the risks of such distribution.

(c) THE APPROVED ELECTRONIC PLATFORM AND THE COMMUNICATIONS ARE PROVIDED “AS IS” AND “AS AVAILABLE”. THE APPLICABLE PARTIES DO NOT WARRANT THE ACCURACY OR COMPLETENESS OF THE COMMUNICATIONS, OR THE ADEQUACY OF THE APPROVED ELECTRONIC PLATFORM AND EXPRESSLY DISCLAIM LIABILITY FOR ERRORS OR OMISSIONS IN THE APPROVED ELECTRONIC PLATFORM AND THE COMMUNICATIONS. 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 THE APPLICABLE PARTIES IN CONNECTION WITH THE COMMUNICATIONS OR THE APPROVED ELECTRONIC PLATFORM. IN NO EVENT SHALL THE ADMINISTRATIVE AGENT, ANY DOCUMENTATION AGENT, ANY SYNDICATION AGENT OR ANY OF THEIR RESPECTIVE RELATED PARTIES (COLLECTIVELY, “**APPLICABLE PARTIES**”) HAVE ANY LIABILITY TO THE BORROWER, ANY LENDER, ANY ISSUING LENDER OR ANY OTHER PERSON OR ENTITY FOR DAMAGES OF ANY KIND, INCLUDING DIRECT OR INDIRECT, SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES, LOSSES OR EXPENSES (WHETHER IN TORT, CONTRACT OR OTHERWISE) ARISING OUT OF THE BORROWER’S OR THE ADMINISTRATIVE AGENT’S TRANSMISSION OF COMMUNICATIONS THROUGH THE INTERNET OR THE APPROVED ELECTRONIC PLATFORM.

“*Communications*” means, collectively, any notice, demand, communication, information, document or other material provided by or on behalf of the Borrower pursuant to any Loan Document or the transactions contemplated therein which is distributed by the Administrative Agent, any Lender or any Issuing Lender by means of electronic communications pursuant to this Section, including through an Approved Electronic Platform.

(d) Each Lender and each Issuing Lender agrees that notice to it (as provided in the next sentence) specifying that Communications have been posted to the Approved Electronic Platform shall constitute effective delivery of the Communications to such Lender for purposes of the Loan Documents. Each Lender and Issuing Lender agrees (i) to notify the Administrative Agent in writing (which could be in the form of electronic communication) from time to time of such Lender’s or Issuing Lender’s (as applicable) email address to which the foregoing notice may be sent by electronic transmission and (ii) that the foregoing notice may be sent to such email address.

(e) Each of the Lenders, each of the Issuing Lenders and the Borrower agrees that the Administrative Agent may, but (except as may be required by applicable law) shall not be obligated to, store the Communications on the Approved Electronic Platform in accordance with the Administrative Agent’s generally applicable document retention procedures and policies.

(f) Nothing herein shall prejudice the right of the Administrative Agent, any Lender or any Issuing Lender to give any notice or other communication pursuant to any Loan Document in any other manner specified in such Loan Document.

**Section 8.09. Acknowledgements of Lenders and Issuing Lenders.** (a) Each Lender represents that it is engaged in making, acquiring or holding commercial loans in the ordinary

course of its business and that it has, independently and without reliance upon the Administrative Agent, any Syndication Agent, any Documentation Agent or any other Lender, or any of the Related Parties of any of the foregoing, and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement as a Lender, and to make, acquire or hold Loans hereunder. Each Lender also acknowledges that it will, independently and without reliance upon the Administrative Agent, any Syndication Agent, any Documentation Agent or any other Lender, or any of the Related Parties of any of the foregoing, and based on such documents and information (which may contain material, non-public information within the meaning of the United States securities laws concerning the Borrower and its Affiliates) 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.

(b) Each Lender, by delivering its signature page to this Agreement on the Effective Date, or delivering its signature page to an Assignment and Assumption Agreement or any other Loan Document pursuant to which it shall become a Lender hereunder, shall be deemed to have acknowledged receipt of, and consented to and approved, each Loan Document and each other document required to be delivered to, or be approved by or satisfactory to, the Administrative Agent or the Lenders on the Effective Date.

**Section 8.10.** *Certain ERISA Matters.*

(a) Each Lender (x) represents and warrants, as of the date such Person became a Lender party hereto, to, and (y) covenants, from the date such Person became a Lender party hereto to the date such Person ceases being a Lender party hereto, for the benefit of, the Administrative Agent and not, for the avoidance of doubt, to or for the benefit of the Borrower, that at least one of the following is and will be true:

(i) such Lender is not using “plan assets” (within the meaning of Section 3(42) of ERISA or otherwise) of one or more Benefit Plans with respect to such Lender’s entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments or this Agreement,

(ii) the transaction exemption set forth in one or more PTEs, such as PTE 84-14 (a class exemption for certain transactions determined by independent qualified professional asset managers), PTE 95-60 (a class exemption for certain transactions involving insurance company general accounts), PTE 90-1 (a class exemption for certain transactions involving insurance company pooled separate accounts), PTE 91-38 (a class exemption for certain transactions involving bank collective investment funds) or PTE 96-23 (a class exemption for certain transactions determined by in-house asset managers), is applicable with respect to such Lender’s entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments and this Agreement,

(iii) (A) such Lender is an investment fund managed by a “Qualified Professional Asset Manager” (within the meaning of Part VI of PTE 84-14), (B) such Qualified Professional Asset Manager made the investment decision on behalf of such Lender to enter into, participate in, administer and perform the Loans, the Letters of Credit, the Commitments and this Agreement, (C) the entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments

and this Agreement satisfies the requirements of sub-sections (b) through (g) of Part I of PTE 84-14 and (D) to the best knowledge of such Lender, the requirements of subsection (a) of Part I of PTE 84-14 are satisfied with respect to such Lender's entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments and this Agreement, or

(iv) such other representation, warranty and covenant as may be agreed in writing between the Administrative Agent, in its sole discretion, and such Lender.

(b) In addition, unless either (1) sub-clause (i) in the immediately preceding clause (a) is true with respect to a Lender or (2) a Lender has provided another representation, warranty and covenant in accordance with sub-clause (iv) in the immediately preceding clause (a), such Lender further (x) represents and warrants, as of the date such Person became a Lender party hereto, to, and (y) covenants, from the date such Person became a Lender party hereto to the date such Person ceases being a Lender party hereto, for the benefit of, the Administrative Agent and not, for the avoidance of doubt, to or for the benefit of the Borrower, 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 9 MISCELLANEOUS

**Section 9.01.** *Benefit of Agreement.* (a) This Agreement shall be binding upon and inure to the benefit of and be enforceable by the respective successors and permitted assigns of the parties hereto, *provided* that the Borrower may not assign or transfer any of its interest hereunder without the prior written consent of the Lenders, except as permitted by Section 6.01.

(b) Any Lender may make, carry or transfer Loans or Letter of Credit Liabilities at the time owing to it at, to or for the account of, any of its branch offices or the offices of an Affiliate of such Lender, *provided* that doing so shall not cause the Borrower to incur any additional costs hereunder at the time of such transfer.

(c) Any Lender may assign its rights and delegate its obligations under this Agreement and further may sell participations in all or any part of any Loan or Loans made by it or its Commitment or Letter of Credit Liabilities at the time owing to it or any other interest herein to another bank or other entity; *provided* that (i) in the case of an assignment, such Lender shall (A) give to the Borrower and the Administrative Agent prior notice thereof (and the Administrative Agent shall promptly notify each Issuing Lender thereof), and, in the case of any assignment, the Borrower, the Issuing Lenders and the Administrative Agent shall, except as set forth in the last sentence of this Section 9.01(c), have consented thereto (each such consent not to be unreasonably withheld or delayed) and (B) comply with Section 9.01(e) hereof and thereupon, the assignee (the "**Purchasing Lender**") shall have, to the extent of such assignment (unless otherwise provided thereby), the rights and benefits described in Section 9.01(e) hereof, and (ii) in the case of a participation, except as set forth below, (A) the participant shall not have any

rights under this Agreement or any other document delivered in connection herewith (the participant's rights against such Lender in respect of such participation to be those set forth in the agreement executed by such Lender in favor of the participant relating thereto); *provided* that a participation agreement may provide that a Lender will not agree to any modification, amendment or waiver of any provision in this Agreement described in subclause (A), (C), or (E) of Section 9.05(a)(ii) without the consent of the participant and (B) all amounts payable by the Borrower under Sections 2.09(e) and 2.09(h) hereof shall be determined as if the Lender had not sold such participation. Except with respect to interest rate, principal amount of any Loan, fees, scheduled dates for payment of principal or interest or fees, scheduled termination of commitments and commitment amounts, a Lender will not in any such participation agreement restrict its ability to make any modification, amendment or waiver to this Agreement without the consent of the participant. Any Lender may furnish any information concerning the Borrower in possession of such Lender from time to time to Affiliates of such Lender and to assignees and participants (including prospective assignees and participants), *provided, however*, that (i) except when such information is furnished to an Affiliate, the furnishing Lender shall give the Borrower prior notice of any furnishing of non-public information, (ii) the recipient shall agree to the terms of this Section 9.01 hereof and (iii) the furnishing of such information (and the nature, manner and extent thereof) by any Lender to its Affiliates and such assignees and participants shall be further governed by the relevant agreement, assignment or participation agreement relating to such arrangement, assignment or participation, as the case may be. Notwithstanding anything to the contrary in the foregoing, (A) any Lender may, without the consent of the Borrower or the Administrative Agent, assign any of its rights and interests in Loans hereunder to (x) a federal reserve bank, (y) another Lender (other than a Defaulting Lender) or (z) any Affiliate of such Lender; (B) no consent of the Borrower to an assignment shall be required if at the time an Event of Default exists; (C) the Borrower shall be deemed to have consented to any assignment unless the Borrower shall object thereto by written notice to the Administrative Agent within fifteen Business Days after having received notice thereof, and (D) no assignment may be made to (x) the Borrower or any of its Affiliates or (y) to a natural person (or a holding company, investment vehicle or trust for, or owned and operated for the primary benefit of a natural person).

(d) Except pursuant to an assignment permitted by this Agreement but only to the extent set forth in such assignment, no Lender shall, as between the Borrower and that Lender, be relieved of any of its obligations hereunder as a result of any sale, transfer or negotiation of, or granting of participations in, all or any part of the Loans or Commitment of or Letter of Credit Liabilities at the time owing to that Lender or other obligations owed to such Lender.

(e) Subject to Section 9.01(c), any Lender may at any time assign to one or more Lenders or other financial institutions all, or a proportionate part of all, of its rights and obligations under this Agreement, *provided* that (i) the minimum amount of such assignment shall be equivalent to (A) if the Purchasing Lender is not a Lender hereunder, \$10,000,000 or the aggregate amount of the assigning Lender's Commitment, whichever is less and (B) if the Purchasing Lender is a Lender hereunder, \$5,000,000 or the aggregate amount of the assigning Lender's Commitment, whichever is less and (ii) after giving effect to such assignment, the Commitment of the assigning Lender is equivalent to not less than \$10,000,000, unless such assigning Lender shall have assigned all of its rights and obligations under this Agreement. Any assignment made pursuant to Section 9.01(c) hereof shall be made pursuant to an Assignment and Assumption Agreement, substantially in the form of Exhibit G annexed hereto, executed by

the Purchasing Lender, the transferor Lender, the Borrower and the Administrative Agent. Upon (i) such execution of such Assignment and Assumption Agreement, (ii) delivery of an executed copy thereof to the Borrower, (iii) payment by such Purchasing Lender to such transferor Lender of an amount equal to the purchase price agreed between such transferor Lender and such Purchasing Lender, and (iv) payment by such Purchasing Lender or transferor Lender (as they shall mutually agree) to the Administrative Agent of a non-refundable fee of \$3,500 to cover administrative and other expenses which may be incurred in connection with such assignment, such Purchasing Lender shall for all purposes be a Lender party to this Agreement and shall have the rights (including without limitation the benefits of Sections 2.09 and 2.10) and obligations of a Lender under this Agreement to the same extent as if it were an original party hereto and thereto with the *pro rata* Share of the applicable Commitment set forth in such Assignment and Assumption Agreement, and no further consent or action by the Borrower, the Lenders or the Administrative Agent shall be required. Such Assignment and Assumption Agreement shall be deemed to amend this Agreement to the extent, and only to the extent, necessary to reflect the addition of such Purchasing Lender and the resulting adjustment of *pro rata* Shares arising from the purchase by such Purchasing Lender of all or a portion of the rights and obligations of such transferor Lender under this Agreement and the Loans. Upon the consummation of any transfer to a Purchasing Lender pursuant to this paragraph (e), the transferor Lender, the Administrative Agent and the Borrower shall make appropriate arrangements so that, if requested, a replacement Note is issued to such transferor Lender and a new Note or, as appropriate, a replacement Note, if requested, issued to such Purchasing Lender, in each case in principal amounts reflecting their *pro rata* Shares or, as appropriate, their outstanding Loans, as adjusted pursuant to such Assignment and Assumption Agreement. Notwithstanding anything to the contrary contained in this Agreement, neither the Borrower nor any of its Affiliates nor any Defaulting Lender may be a Purchasing Lender.

(f) Each Lender that sells a participation shall, acting solely for this purpose as a nonfiduciary agent of the Borrower, 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 this Agreement (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 this Agreement) except to the extent that such disclosure is necessary to establish that such commitment, loan, letter of credit or other obligation is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations. The entries in the Participant Register shall be conclusive absent clearly demonstrable 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.

**Section 9.02. Expenses.** Whether or not the transactions contemplated hereby shall be consummated, the Borrower agrees to promptly pay (a) all the actual and reasonable out of pocket costs and expenses of the Agents in connection with the negotiation, preparation and execution of this Agreement; (b) the reasonable fees, expenses and disbursements of Davis, Polk & Wardwell LLP, special counsel to the Agents, in connection with the negotiation, preparation, execution and administration of this Agreement, the Loans and any amendments and waivers hereto or thereto; and (c) all costs and expenses (including attorneys' fees, expenses and

disbursements, and costs of settlement) incurred by the Lenders (including any Issuing Lender) in enforcing any obligations of or in collecting any payments due from the Borrower hereunder by reason of the occurrence of any Event of Default or in connection with any refinancing or restructuring of the credit arrangements provided under this Agreement in the nature of a “work-out” or of any insolvency or bankruptcy proceedings or otherwise.

**Section 9.03. Indemnity.** In addition to the payment of expenses pursuant to Section 9.02 hereof, whether or not the transactions contemplated hereby shall be consummated, the Borrower agrees to indemnify, pay and hold each Agent and each Lender (including any Issuing Lender) and the officers, directors, employees, agents, advisors and affiliates of each of them (collectively called the “**Indemnitees**”) harmless from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, claims, costs, expenses and disbursements of any kind or nature whatsoever (including, without limitation, the reasonable fees, expenses and disbursements of counsel for such Indemnitees in connection with any investigative, administrative or judicial proceeding commenced or threatened, whether or not such Indemnitee shall be designated a party thereto), which may be imposed on, incurred by, or asserted against that Indemnitee, in any manner relating to or arising out of this Agreement or any Letter of Credit, the Lenders’ agreement to make the Loans or the use or intended use of the proceeds of any of the Loans or Letters of Credit hereunder (the “**indemnified liabilities**”); *provided* that, the Borrower shall have no obligation to any Indemnitee hereunder to the extent that such indemnified liabilities are determined by a court of competent jurisdiction by final and non-appealable judgment to have resulted from the gross negligence or willful misconduct of that Indemnitee. To the extent that the undertaking to indemnify, pay and hold harmless set forth in the preceding sentence may be unenforceable because it is violative of any law or public policy or otherwise, the Borrower shall contribute the maximum portion which it is permitted to pay and satisfy under applicable law, to the payment and satisfaction of all indemnified liabilities incurred by the Indemnitees or any of them.

**Section 9.04. Setoff.** Each Lender agrees that if it shall, by exercising any right of set-off or counterclaim or otherwise, receive payment of a proportion of the aggregate amount of principal and interest then due with respect to the Loans and Letter of Credit Liabilities held by it which is greater than the proportion received by any other Lender in respect of the aggregate amount of principal and interest then due with respect to the Loans and *Letter* of Credit Liabilities held by such other Lender, the Lender receiving such proportionately greater payment shall purchase such participations in the Loans and Letter of Credit Liabilities held by the other Lenders, and such other adjustments shall be made, as may be required so that all such payments of principal and interest with respect to the Loans and Letter of Credit Liabilities held by the Lenders shall be shared by the Lenders pro rata; *provided* that nothing in this Section shall impair the right of any Lender to exercise any right of set-off or counterclaim it may have and to apply the amount subject to such exercise to the payment of indebtedness of the Borrower other than its indebtedness under the Agreement. The Borrower agrees, to the fullest extent it may effectively do so under applicable law, that any holder of a participation in a Loan or Letter of Credit Liability, whether or not acquired pursuant to the foregoing arrangements, may exercise rights of set-off or counterclaim and other rights with respect to such participation as fully as if such holder of a participation were a direct creditor of the Borrower in the amount of such participation.

**Section 9.05. Amendments and Waivers.**

(a) Subject to Section 2.09(b)(ii) and Section 9.05(b) below, no amendment, modification, termination or waiver of any provision of this Agreement or any Note or Letter of Credit or consent to any departure by the Borrower therefrom shall in any event be effective without the written concurrence of the Required Lenders; *provided* that (i) any amendment, modification, termination or waiver (A) of any provision that expressly requires the approval or concurrence of all Lenders, (B) of any provision that affects the definition of “Required Lenders” or any other provision hereof specifying the number or percentage of Lenders required to waive, amend or modify any rights hereunder or make any determination or grant any consent hereunder, (C) of any of the provisions contained in Section 7.01 hereof and this Section 9.05 or (D) of Section 2.07(e) in a manner that would alter the pro rata sharing of payments required thereby, shall be effective only if evidenced by a writing signed by or on behalf of all Lenders, and (ii) any amendment, modification, termination or waiver (A) of any provision that increases the principal amount of the Commitments or the Loans, changes a Lender’s *pro rata* Share, affects the definition of “Termination Date” or postpones (except as expressly provided in Section 2.12) the expiry date of any Letter of Credit, (B) that permits an extension of the Commitment of any Lender pursuant to Section 2.01(d)(ii) without the approval of such Lender, (C) that decreases the amount or changes the due date of any amount payable in respect of the fees payable hereunder, (D) of any of the provisions contained in Sections 2.09(b) and 2.09(c) hereof or (E) that decreases the principal or interest rates borne by the Loans or the amount to be reimbursed in respect of any Letter of Credit or any interest thereon, or postpones the payment of principal or interest due on the Loans or for reimbursement in respect of any Letter of Credit, shall be effective only if evidenced by a writing signed by or on behalf of each Lender affected thereby; *provided* that no consent of any Defaulting Lender shall be required pursuant to clause (i) above as to any modification that does not adversely affect such Defaulting Lender in a non-ratable manner. No amendment, modification, termination or waiver of any provision of Article 8 hereof or any of the rights, duties, indemnities or obligations of any Agent, as agent shall be effective without the written concurrence of such Agent. No amendment, modification, termination or waiver of any provision of Section 2.12 shall be effective without the written concurrence of the Administrative Agent and the Issuing Lenders.

(b) If the Administrative Agent and the Borrower acting together identify any ambiguity, omission, typographical error or other ministerial defect in any provision of this Agreement or any other Loan Document, then the Administrative Agent and the Borrower shall be permitted to amend, modify or supplement such provision to cure such ambiguity, omission, typographical error or other ministerial defect, and such amendment shall become effective without the consent of any other party to this Agreement so long as, in each case, the Lenders shall have received at least five (5) Business Days’ prior written notice thereof and the Administrative Agent shall not have received, within five (5) Business Days after the date of such notice to the Lenders, a written notice from the Required Lenders stating that the Required Lenders object to such amendment.

(c) The Administrative Agent may, but shall have no obligation to, with the concurrence of any Lender, execute amendments, modifications, waivers or consents on behalf of that Lender. Any waiver or consent shall be effective only in the specific instance and for the specific purpose for which it was given. No notice to or demand on the Borrower in any case

shall entitle the Borrower to any further notice or demand in similar or other circumstances. Any amendment, modification, termination, waiver or consent effected in accordance with this Section 9.05 shall be binding upon each present or future Lender and, if signed by the Borrower, on the Borrower.

**Section 9.06. *Independence of Covenants.*** All covenants hereunder shall be given independent effect so that if a particular action or condition is not permitted by any of such covenants, the fact that it would be permitted by an exception to, or be otherwise within the limitation of, another covenant shall not avoid the occurrence of an Event of Default or Potential Event of Default if such action is taken or condition exists.

**Section 9.07. *Notices.*** Unless otherwise provided herein, any notice or other communication herein required or permitted to be given shall be in writing and may be personally served, telecopied, telexed or sent by United States mail and shall be deemed to have been given when delivered in person, upon receipt of electronic mail, telecopy or telex or four Business Days after depositing it in the United States mail, registered or certified, with postage prepaid and properly addressed; *provided* that notices to the Administrative Agent shall not be effective until received by the Administrative Agent. For the purposes hereof, the addresses of the parties hereto (until notice of a change thereof is delivered as provided in this Section 9.07) shall be: (a) in the case of the Borrower, at its address or facsimile number set forth on the signature pages hereof, (b) in the case of the Administrative Agent, at its address, facsimile number or telex number in New York City set forth on the signature pages hereof, (c) in the case of any Lender, at its address, facsimile number or telex number set forth in its Administrative Questionnaire or (d) in the case of any party, at such other address, facsimile number or telex number as such party may hereafter specify for the purpose by notice to the Administrative Agent and the Borrower.

**Section 9.08. *Survival of Warranties and Certain Agreements.*** (a) All agreements, representations and warranties made herein shall survive the execution and delivery of this Agreement and the making of the Loans and the issuances of the Letters of Credit hereunder.

(b) Notwithstanding anything in this Agreement or implied by law to the contrary, the agreements of the Borrower set forth in Sections 2.09(e), 2.09(h), 2.14, 9.02 and 9.03 and the agreements of Lenders set forth in Sections 8.02(c), 8.04, 9.04 and 9.05 shall survive the payment of the Loans, the reduction of the Letter of Credit Liabilities to zero and the termination of this Agreement.

**Section 9.09. *USA PATRIOT Act Notice.*** Each Lender that is subject to the USA PATRIOT Act and the Administrative Agent (for itself and not on behalf of any Lender) hereby notifies the Borrower that, pursuant to the requirements of the USA PATRIOT Act, it may be required to obtain, verify and record information that identifies the Borrower, which information includes the name and address of the Borrower and other information that will allow such Lender or the Administrative Agent, as applicable, to identify the Borrower in accordance with the USA PATRIOT Act.

**Section 9.10. *Failure or Indulgence Not Waiver; Remedies Cumulative.*** No failure or delay on the part of any Lender in the exercise of any power, right or privilege hereunder or the

Loans or Letters of Credit shall impair such power, right or privilege or be construed to be a waiver of any default or acquiescence therein, nor shall any single or partial exercise of any such power, right or privilege preclude other or further exercise thereof or of any other right, power or privilege. All rights and remedies existing under this Agreement or the Loans or the Letters of Credit are cumulative to and not exclusive of any rights or remedies otherwise available.

**Section 9.11. Severability.** In case any provision in or obligation under this Agreement or Loan shall be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations thereof, or of such provision or obligation in any other jurisdiction, shall not in any way be affected or impaired thereby.

**Section 9.12. Obligations Several; Independent Nature of Lenders' Rights.** The obligation of each Lender hereunder is several, and no Lender shall be responsible for the obligation or commitment of any other Lender hereunder. Nothing contained in this Agreement and no action taken by the Lenders pursuant hereto shall be deemed to constitute the Lenders to be a partnership, an association, a joint venture or any other kind of entity. The amounts payable at any time hereunder to each Lender shall be a separate and independent debt, and each Lender shall be entitled to protect and enforce its rights arising out of this Agreement and it shall not be necessary for any other Lender to be joined as an additional party in any proceeding for such purpose.

**Section 9.13. Headings.** Section and subsection headings in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose or be given any substantive effect.

**Section 9.14. Applicable Law, Consent to Jurisdiction, Limitation of Liability.**

(a) THIS AGREEMENT, THE NOTES AND THE LOANS SHALL BE GOVERNED BY, AND SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK (WITHOUT REGARD TO CONFLICTS OF LAW PRINCIPLES).

(b) ALL JUDICIAL PROCEEDINGS BROUGHT AGAINST THE BORROWER WITH RESPECT TO THIS AGREEMENT OR THE NOTES MAY BE BROUGHT IN ANY STATE OR FEDERAL COURT OF COMPETENT JURISDICTION IN THE CITY OF NEW YORK, BOROUGH OF MANHATTAN, AND BY EXECUTION AND DELIVERY OF THIS AGREEMENT THE BORROWER ACCEPTS FOR ITSELF AND IN CONNECTION WITH ITS PROPERTIES, GENERALLY AND UNCONDITIONALLY, THE EXCLUSIVE JURISDICTION OF THE AFORESAID COURTS, AND IRREVOCABLY AGREES TO BE BOUND BY ANY JUDGMENT RENDERED THEREBY IN CONNECTION WITH THIS AGREEMENT. THE PARTIES HERETO HEREBY IRREVOCABLY WAIVE TRIAL BY JURY, AND THE BORROWER HEREBY IRREVOCABLY WAIVES ANY OBJECTION, INCLUDING, WITHOUT LIMITATION, ANY OBJECTION TO THE LAYING OF VENUE OR BASED ON THE GROUNDS OF FORUM NON CONVENIENS, WHICH IT MAY NOW OR HEREAFTER HAVE TO THE BRINGING OF ANY SUCH ACTION OR PROCEEDING IN SUCH RESPECTIVE JURISDICTIONS.

(c) No Indemnitee shall be liable for any damages to the Borrower arising from the use by unintended recipients of any information or other materials distributed by it through telecommunications, electronic or other information transmission systems in connection with this Agreement or the other Loan Documents or the transactions contemplated hereby or thereby, except to the extent the liability of such person is found in a final ruling by a court of competent jurisdiction to have resulted from such person's gross negligence or willful misconduct.

**Section 9.15. *Successors and Assigns.*** This Agreement shall be binding upon the parties hereto and their respective successors and assigns and shall inure to the benefit of the parties hereto and the successors and assigns of the Lenders. The terms and provisions of this Agreement shall inure to the benefit of any assignee or transferee of the Loans and in the event of such transfer or assignment, the rights and privileges herein conferred upon the Lenders shall automatically extend to and be vested in such transferee or assignee, all subject to the terms and conditions hereof. The Borrower's rights hereunder may not be assigned without the written consent of all the Lenders except pursuant to a merger, consolidation or sale, lease or transfer of assets permitted by Section 6.01 hereof. The Lenders' rights of assignment are limited by and subject to Section 9.01 hereof. The Borrower may, in its sole discretion, upon ten (10) days' prior written notice, replace any of the Lenders with one or more Lenders *provided* that (i) the Lender being replaced has concurrently therewith been paid in full all amounts due to such Lender hereunder, (ii) the full amount of the Commitments remains unchanged and (iii) the percentages of the total Commitments allocated to each other Lender (or any successors thereto) remains unchanged unless the prior written consent from such Lender has been obtained. Any such Lender so replaced shall, upon written request of the Borrower, execute and deliver such instruments and agreements as are reasonably necessary to accomplish the same.

**Section 9.16. *Counterparts; Effectiveness; Integration; Electronic Execution.***

(a) This Agreement and any amendments, waivers, consents or supplements may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument. This Agreement shall become effective on such date (the "**Effective Date**") as (i) a counterpart hereof shall be executed by each of the parties hereto and copies hereof shall be delivered to the Borrower and the Administrative Agent and (ii) the conditions set forth in Section 3.01 shall be satisfied. This Agreement and the Notes (and, as applicable, the fee letters entered into in connection herewith) 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.

(b) Delivery of an executed counterpart of a signature page of this Agreement by telecopy, emailed pdf. or any other electronic means that reproduces an image of the actual executed signature page shall be effective as delivery of a manually executed counterpart of this Agreement. The words "execution," "signed," "signature," "delivery," and words of like import in or relating to any document to be signed in connection with this Agreement and the transactions contemplated hereby shall be deemed to include Electronic Signatures, deliveries or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature, physical delivery thereof or the use of a

paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act; provided that nothing herein shall require the Administrative Agent to accept electronic signatures in any form or format without its prior written consent.

**Section 9.17. *No Fiduciary Duty.*** The Borrower agrees that in connection with all aspects of the Loans contemplated by this Agreement and any communications in connection therewith, (i) the transactions contemplated by the Loan Documents (including the exercise of rights and remedies hereunder and thereunder) are arm's-length commercial transactions between the Agents, the Lenders and their respective Affiliates, on the one hand, and the Borrower and its Subsidiaries, on the other, and (ii) the Borrower and its Subsidiaries, on the one hand, and the Agents, the Lenders and their Affiliates, on the other hand, will have a business relationship that does not create, by implication or otherwise, any fiduciary duty on the part of any Agent, Lender or Affiliate, and no such duty will be deemed to have arisen in connection with any such transactions or communications. The Borrower acknowledges and agrees that it has consulted its own legal and financial advisors to the extent it deemed appropriate and that it is responsible for making its own independent judgment with respect to such transactions and the process leading thereto. The Borrower agrees that it will not claim that any Agent, Lender or any of their respective Affiliates has rendered advisory services of any nature or respect, or owes a fiduciary or similar duty to the Borrower or its Subsidiaries, in connection with such transaction or the process leading thereto.

**Section 9.18. *Acknowledgement and Consent to Bail-In of EEA 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 EEA Financial Institution arising under any Loan Document may be subject to the write-down and conversion powers of an EEA Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

- (a) the application of any Write-Down and Conversion Powers by an EEA Resolution Authority to any such liabilities arising hereunder which may be payable to it by any party hereto that is an EEA Financial Institution; and
- (b) the effects of any Bail-In Action on any such liability, including, if applicable:
  - (i) a reduction in full or in part or cancellation of any such liability;
  - (ii) a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such EEA Financial Institution, its parent entity, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Agreement or any other Loan Document; or
  - (iii) the variation of the terms of such liability in connection with the exercise of the write-down and conversion powers of any EEA Resolution Authority.

**Section 9.19. 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 9.19, the following terms have the following meanings:

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

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

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

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

[Signature pages follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first above written.

*Borrower:*

TEXTRON INC.

By: /s/ Eric Salander  
Name: Eric Salander  
Title: Vice President – Investor  
Relations and Treasurer

Notice Address:  
Textron Inc.  
40 Westminster Street  
Providence, RI 02903  
Attention: Treasurer

Telephone No. (401) 457-6009  
Telecopy No. (401) 457-3533

with a copy to:  
Textron Inc.  
40 Westminster Street  
Providence, RI 02903  
Attention: General Counsel

Website for the delivery of information  
pursuant to Section 5.01(b)(iv):  
<http://www.textron.com>

[Signature Page to Credit Agreement – Textron 2019 Refinancing]

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JPMORGAN CHASE BANK, N.A., as  
Administrative Agent and as an Issuing Lender and a  
Lender

By: /s/ Cristina Caviness

Name: Cristina Caviness

Title: Vice President

Notice Address:  
JPMorgan Chase Bank, N.A.  
500 Stanton Christiana Road  
Ops Building 2, 3<sup>rd</sup> Floor  
Newark, Delaware 19713-2107  
Attention: Pranay Tyagi  
Telephone No. (302) 634-8459  
Telecopy No. (302) 634-8799  
E-mail: pranay.tyagi@jpmorgan.com

with copy to:  
JPMorgan Chase Bank, N.A.  
383 Madison Avenue  
New York, New York 10179  
Attention: Cristina Caviness  
Telephone No. (212) 270-2348  
Telecopy No. (212) 270-5100  
E-mail: cristina.caviness@jpmorgan.com

[Signature Page to Credit Agreement – Textron 2019 Refinancing]

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BANK OF AMERICA, N.A., as an Issuing  
Lender and a Lender

By: /s/ Prathamesh Kshirsagar

Name: Prathamesh Kshirsagar

Title: Vice President

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CITIBANK, N.A., as a Lender and an  
Issuing Lender

By: /s/ Susan M. Olsen

Name: Susan M. Olsen

Title: Vice President

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MUFG Bank, Ltd., as an Issuing Lender and  
a Lender

By: /s/ Oscar Cortez

Name: Oscar Cortez

Title: Director

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GOLDMAN SACHS BANK USA, as a  
Lender

By: /s/ Ryan Durkin

Name: Ryan Durkin

Title: Authorized Signatory

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SUMITOMO MITSUI BANKING  
CORPORATION, as a Lender

By: /s/ Michael Maguire  
Name: Michael Maguire  
Title: Executive Director

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U.S. Bank National Association, as a Lender

By: /s/ Paul F. Johnson

Name: Paul F. Johnson

Title: Vice President

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WELLS FARGO BANK, NATIONAL  
ASSOCIATION, as a Lender

By: /s/ Adam Spreyer \_\_\_\_\_

Name: Adam Spreyer

Title: Director

[Signature Page to Credit Agreement – Textron 2019 Refinancing]

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PNC Bank, National Association, as a  
Lender

By: /s/ Joshua Kezele

Name: Joshua Kezele

Title: Vice President

[Signature Page to Credit Agreement – Textron 2019 Refinancing]

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The Bank of New York Mellon, as a Lender

By: /s/ Thomas J. Tarasovich, Jr

Name: Thomas J. Tarasovich, Jr

Title: Vice President

[Signature Page to Credit Agreement – Textron 2019 Refinancing]

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Bank of China, New York Branch, as a  
Lender

By: /s/ Raymond Qiao  
Name: Raymond Qiao  
Title: Executive Vice President

[Signature Page to Credit Agreement – Textron 2019 Refinancing]

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The Northern Trust Company, as a Lender

By: /s/ Eric Siebert

Name: Eric Siebert

Title: Senior Vice President

[Signature Page to Credit Agreement – Textron 2019 Refinancing]

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COMMITMENT SCHEDULE

<u>Lender</u>	<u>Commitment</u>
JPMorgan Chase Bank, N.A.	\$115,000,000
Bank of America, N.A.	\$115,000,000
Citibank, N.A.	\$115,000,000
MUFG Bank, Ltd.	\$115,000,000
Goldman Sachs Bank USA	\$85,000,000
Sumitomo Mitsui Banking Corporation	\$85,000,000
U.S. Bank National Association	\$85,000,000
Wells Fargo Bank, National Association	\$85,000,000
PNC Bank, National Association	\$57,500,000
The Bank of New York Mellon	\$57,500,000
Bank of China, New York Branch	\$42,500,000
The Northern Trust Company	\$42,500,000
<b>Total</b>	<b>\$1,000,000,000</b>

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## PRICING SCHEDULE

Each of “**Facility Fee Rate**”, “**Eurodollar Margin**”, “**Base Rate Margin**” and “**Letter of Credit Fee Rate**” means, for any date, the rate set forth below in the row opposite such term and under the column corresponding to the “**Pricing Level**” at such date:

	Level I	Level II	Level III	Level IV	Level V
Facility Fee Rate	0.09%	0.11%	0.15%	0.175%	0.225%
Eurodollar Margin	0.91%	1.015%	1.10%	1.20%	1.40%
Base Rate Margin	0.00%	0.015%	0.10%	0.20%	0.40%
Letter of Credit Fee Rate	0.91%	1.015%	1.10%	1.20%	1.40%

For purposes of this Schedule, the following terms have the following meanings, subject to the concluding paragraph of this Schedule:

“**Level I Pricing**” applies at any date if, at such date, the Borrower’s long-term debt is rated A- or higher by S&P and A3 or higher by Moody’s.

“**Level II Pricing**” applies at any date if, at such date, the Borrower’s long-term debt is rated BBB+ by S&P and Baa1 by Moody’s.

“**Level III Pricing**” applies at any date if, at such date, the Borrower’s long-term debt is rated BBB by S&P and Baa2 by Moody’s.

“**Level IV Pricing**” applies at any date, if at such date, the Borrower’s long-term debt is rated BBB- by S&P and Baa3 by Moody’s.

“**Level V Pricing**” applies at any date if, at such date, no other Pricing Level applies.

“**Moody’s**” means Moody’s Investors Service, Inc. (or any successor thereto).

“**Pricing Level**” refers to the determination of which of Level I, Level II, Level III, Level IV or Level V applies at any date.

“**S&P**” means Standard & Poor’s Ratings Services, a Standard & Poor’s Financial Services LLC business (or any successor thereto).

The credit ratings to be utilized for purposes of this Schedule are those assigned to the senior unsecured long-term debt securities of the Borrower without third-party enhancement, and any rating assigned to any other debt security of the Borrower shall be disregarded. The rating in effect at any date is that in effect at the close of business of such date.

If the Borrower is split-rated, then for purposes of determining the applicable Pricing Level, (a) if the ratings differential is one level, the higher of the ratings will apply and (b) if the ratings

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differential is more than one level, a rating that is one notch lower than the higher rating will apply. If the Borrower has only one rating or has no rating, then Level V shall apply.

**SCHEDULE 2.12(a)**  
**LETTER OF CREDIT COMMITMENTS**

<b>Issuing Lender</b>	<b>Letter of Credit Commitment</b>
JPMorgan Chase Bank, N.A	\$25,000,000
Bank of America, N.A.	\$25,000,000
Citibank, N.A.	\$25,000,000
MUFG Bank, Ltd.	\$25,000,000
<b>Total:</b>	\$100,000,000

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**SCHEDULE 2.12(b)**  
**EXISTING LETTERS OF CREDIT**

**Issuing Lender:** Bank of America, N.A.

<b>Applicant</b>	<b>Beneficiary</b>	<b>L/C No.</b>	<b>Currency</b>	<b>Amount</b>	<b>Effective Date</b>	<b>Expiration Date</b>
Textron Inc.	Wells Fargo Bank	149045	USD	\$1,217,260.28	10/04/2013	4/15/2020
Cessna Aircraft Company	The Bank of New York Mellon Trust Company N.A.	3012779	USD	\$8,973,589.04	10/04/2013	11/03/2020

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**TEXTRON INC.**  
**FORM OF NOTE**

New York, New York  
\_\_\_\_\_, 20\_\_

\$( )

FOR VALUE RECEIVED, the undersigned TEXTRON INC., a Delaware corporation (the “**Borrower**”), HEREBY PROMISES TO PAY to \_\_\_\_\_ and its registered assigns (the “**Payee**”) for the account of its Applicable Lending Office, on the maturity date provided for in the Credit Agreement, the unpaid principal amount of each Loan made by the Payee to the Borrower pursuant to the Credit Agreement referred to below.

The Borrower also promises to pay interest on the unpaid principal amount hereof from the date hereof until paid in full at the rates and at the times which shall be determined in accordance with the provisions of the Credit Agreement dated as of October 18, 2019 (as amended, amended and restated, supplemented or otherwise modified from time to time, “**Credit Agreement**”) among the Borrower, the Lenders from time to time party thereto, and JPMorgan Chase Bank, N.A., as Administrative Agent.

This Note is one of the Borrower’s “**Notes**” and is issued pursuant to and entitled to the benefits of the Credit Agreement to which reference is hereby made for a more complete statement of the terms and conditions under which the Loans evidenced hereby were made and are to be repaid. Capitalized terms used herein without definition shall have the meanings set forth in the Credit Agreement.

All payments of principal and interest in respect of this Note shall be made in Dollars in same day funds, in accordance with the terms of the Credit Agreement. Each of the Payee and any subsequent holder of this Note agrees, by its acceptance hereof, that before disposing of this Note or any part thereof it will make a notation on Schedule I attached hereto of all principal payments previously made hereunder and of the date to which interest hereon has been paid; *provided, however*, that the failure to make a notation of any payment made on this Note shall not limit or otherwise affect the obligation of the Borrower hereunder with respect to payments of principal or interest on this Note.

Whenever any payment on this Note shall be stated to be due on a day which is not a Business Day, such payment shall be made on the next succeeding Business Day and such extension of time shall be included in the computation of the payment of interest on this Note; *provided, however*, that in the event that the

day on which payment relating to a Eurodollar Rate Loan is due is not a Business Day but is a day of the month after which no further Business Day occurs in such month, then the due date thereof shall be the next preceding Business Day.

This Note is subject to prepayment at the option of the Borrower as provided in Section 2.07(b) of the Credit Agreement.

Upon the occurrence of an Event of Default, the unpaid balance of the principal amount of this Note, together with all accrued but unpaid interest thereon, may become, or may be declared to be (and shall automatically become and be declared to be, in the case of certain Events of Default relating to bankruptcy matters), due and payable in the manner, upon the conditions and with the effect provided in the Credit Agreement.

The terms of this Note are subject to amendment only in the manner provided in the Credit Agreement.

The Borrower promises to pay all costs and expenses, including attorneys' fees, all as provided in Section 9.02 of the Credit Agreement, incurred in the collection and enforcement of this Note. The Borrower hereby consents to renewals and extensions of time at or after the maturity hereof, without notice, and hereby waives diligence, presentment, protest, demand and notice of every kind and, to the full extent permitted by law, the right to plead any statute of limitations as a defense to any demand hereunder.

The Credit Agreement and this Note shall be governed by, and shall be construed and enforced in accordance with, the laws of the State of New York.

IN WITNESS WHEREOF, the Borrower has caused this Note to be executed and delivered by its duly authorized officer, as of the day and year and at the place first above written.

TEXTRON INC.

By: \_\_\_\_\_  
Name:  
Title:

**LOANS AND PRINCIPAL PAYMENTS SCHEDULE**

<u>Date</u>	<u>Type of Loan Made This Date</u>	<u>Amount of Loan Made This Date</u>	<u>Amount of Principal Paid This Date</u>	<u>Outstanding Principal Balance This Date</u>	<u>Notation Made By</u>
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**FORM OF  
OPINION OF COUNSEL  
FOR THE  
BORROWER**  
**[Letterhead of Textron Inc.]**

October 18, 2019

JPMorgan Chase Bank, N.A.,  
as Administrative Agent  
383 Madison Avenue  
New York, New York 10179  
and  
The Lenders Party to the  
Credit Agreement Referenced Below

Re: Textron Inc. – Credit Agreement dated as of October 18, 2019

Ladies and Gentlemen:

I am the Executive Vice President and General Counsel of Textron Inc., a Delaware corporation (the “*Company*”). This opinion is rendered to you pursuant to Section 3.01(c) of the Credit Agreement dated as of October 18, 2019 (the “*Credit Agreement*”) by and among the Company, certain lenders from time to time party thereto (the “*Lenders*”) and JPMorgan Chase Bank, N.A., as administrative agent (in such capacity the “*Agent*”) and a Lender. Each capitalized term used and not defined herein has the meaning assigned to that term in the Credit Agreement.

In rendering this opinion, I have examined a copy identified to my satisfaction as being a true copy of the Credit Agreement, including the exhibits and schedules thereto, and each Note issued on the date hereof (each, a “*Note*”).

I have assumed without independent investigation that:

(a) The signatures on all documents examined by me are genuine, all individuals executing such documents had all requisite legal capacity and

competency and were duly authorized, the documents submitted to me as originals are authentic and the documents submitted to me as certified or reproduction copies conform to the originals;

(b) The Company is a validly existing corporation in good standing under the laws of the State of Delaware, has all requisite power to execute and deliver the Credit Agreement and to perform its obligations thereunder, the execution and delivery of the Credit Agreement by the Company and performance of its obligations thereunder have been duly authorized by all necessary corporate action and except as specifically addressed in my opinions in paragraph 2 below, do not violate any law, regulation, order, judgment or decree applicable to the Company, and the Credit Agreement has been duly executed and delivered by the Company; and

(c) There are no agreements or understandings between or among any of the parties to the Credit Agreement or third parties that would expand, modify or otherwise affect the terms of the Credit Agreement or the respective rights or obligations of the parties thereunder.

In rendering this opinion, I have made such inquiries and examined, among other things, originals or copies, certified or otherwise identified to my satisfaction, of such records, agreements, certificates, instruments and other documents as I have considered necessary or appropriate for purposes of this opinion. As to certain factual matters, I have relied to the extent I deemed appropriate and without independent investigation upon the representations and warranties of the Company in the Credit Agreement, a certificate of an officer of the Company, a copy of which is attached hereto, or certificates obtained from public officials and others.

Based upon the foregoing and in reliance thereon, and subject to the qualifications, exceptions, assumptions and limitations herein contained, I am of the opinion that:

1. Each of the Credit Agreement and each Note constitutes a legal, valid and binding obligation of the Company, enforceable against it in accordance with its terms.

2. The execution and delivery by the Company of the Credit Agreement and each Note, and performance of its obligations thereunder do not and will not violate, or require any filing with or approval of any governmental authority or regulatory body of the State of New York under, any law or regulation of the State of New York applicable to the Company that, in my experience, is generally applicable to transactions in the nature of those contemplated by the Credit Agreement.

The opinions expressed above are subject to the following additional exceptions, qualifications, limitations and assumptions:

A. I render no opinion herein as to matters involving the laws of any jurisdiction other than the State of New York. This opinion is limited to the effect of the current state of the laws of the State of New York and the facts as they currently exist. I assume no obligation to revise or supplement this opinion in the event of future changes in such laws or the interpretations thereof or such facts. I express no opinion regarding the Securities Act of 1933, as amended, the Investment Company Act of 1940 or any other federal or state securities laws or regulations.

B. My opinions are subject to (i) the effect of any bankruptcy, insolvency, reorganization, moratorium, arrangement or similar laws affecting the rights and remedies of creditors generally (including, without limitation, the effect of statutory or other laws regarding fraudulent transfers or preferential transfers) and (ii) general principles of equity, including without limitation concepts of materiality, reasonableness, good faith and fair dealing and the possible unavailability of specific performance, injunctive relief or other equitable remedies regardless of whether enforceability is considered in a proceeding in equity or at law.

C. I express no opinion regarding (a) the effectiveness of (i) any waiver (whether or not stated as such) under the Credit Agreement of, or any consent thereunder relating to, unknown future rights or the rights of any party thereto existing, or duties owing to it, as a matter of law; (ii) any waiver (whether or not stated as such) contained in the Credit Agreement of rights of any party, or duties owing to it, that is broadly or vaguely stated or does not describe the right or duty purportedly waived with reasonable specificity; (iii) provisions relating to indemnification, exculpation or contribution, to the extent such provisions may be held unenforceable as contrary to public policy or federal or state securities laws or due to the negligence or willful misconduct of the indemnified party; (iv) any provision in the Credit Agreement waiving the right to object to venue in any court; (v) any agreement to submit to the jurisdiction of any Federal Court; (vi) any waiver of the right to jury trial; (vii) any provision purporting to establish evidentiary standards; (viii) any provision to the effect that every right or remedy is cumulative and may be exercised in addition to any other right or remedy or that the election of some particular remedy does not preclude recourse to one or more others; or (ix) any right of setoff to the extent asserted by a participant in the rights of a Lender under the Credit Agreement; or (b) the availability of damages or other remedies not specified in the Credit Agreement in respect of breach of any covenants (other than covenants relating to the payment of principal, interest, indemnities and expenses). In addition, I advise you that some of the provisions of the Credit Agreement may not be enforceable by a Lender acting individually (as opposed to the Lenders acting through the Agent).

This opinion is rendered as of the date hereof to the Lenders in connection with the Credit Agreement and may not be relied upon by any person other than the Lenders or by the Lenders in any other context. The Lenders may not furnish this opinion or copies hereof to any other person except (i) to bank examiners and

other regulatory authorities should they so request in connection with their normal examinations, (ii) to the independent auditors and attorneys of the Lenders, (iii) pursuant to order or legal process of any court or governmental agency, (iv) in connection with any legal action to which any Lender is a party arising out of the transactions contemplated by the Credit Agreement, or (v) to any potential permitted assignee of or participant in the interest of any Lender under the Credit Agreement for its information. This opinion may not be quoted without my prior written consent. Notwithstanding the foregoing, parties referred to in clause (v) of this paragraph who become Lenders after the date hereof may rely on this opinion as if it were addressed to them (provided that such delivery shall not constitute a re-issue or reaffirmation of this opinion as of any date after the date hereof).

Very truly yours,

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**Textron Inc.**  
**Officer's Certificate**  
**October 18, 2019**

The undersigned, Eric Salander, does hereby certify pursuant to this certificate (this "**Certificate**") to E. Robert Lupone, Esq., Executive Vice President and General Counsel of Textron Inc., a Delaware corporation (the "**Company**"), in his capacity as an officer of the Company, in connection with the Credit Agreement dated as of October 18, 2019 (the "**Credit Agreement**") by and among the Company, certain lenders from time to time party thereto (the "**Lenders**") and JPMorgan Chase Bank, N.A., as administrative agent (in such capacity the "**Agent**") and a Lender, as follows:

1. I am the duly elected and incumbent Vice President—Investor Relations and Treasurer of the Company and am authorized to execute this Certificate on behalf of the Company.

2. I recognize and acknowledge that this Certificate is being furnished to E. Robert Lupone in connection with the delivery of his legal opinion of even date herewith pursuant to Section 3.01(c) of the Credit Agreement (the "**Opinion**"). I further understand that E. Robert Lupone is relying to a material degree on this Certificate in rendering that opinion. On behalf of the Company, I hereby authorize such reliance.

3. I have asked such questions regarding the meaning of any of the provisions of this Certificate as I have considered necessary.

4. To the best of my knowledge, each and all of the representations and warranties as to factual matters relating to the Company contained in the Credit Agreement are true and correct in all material respects as of the date of such agreement and as of the date hereof.

5. To the best of my knowledge, there are no agreements or understandings between or among the Agent, the Lenders, the Company, the Company's Subsidiaries or third parties that would expand, modify or otherwise affect the terms of the Credit Agreement referred to in the Opinion or the respective rights or obligations of the parties thereunder.

Capitalized terms used herein and not defined herein have the meanings given to such terms in the Credit Agreement. A copy of this Certificate executed and delivered by facsimile or email transmission shall be valid for all purposes.

IN WITNESS WHEREOF, the undersigned has executed this Certificate as of the date first set forth above.

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Name: Eric Salander  
Title: Vice President—Investor  
Relations and Treasurer

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**FORM OF  
OPINION OF COUNSEL  
FOR THE  
BORROWER**  
[Letterhead of Textron Inc.]  
October 18, 2019

JPMorgan Chase Bank, N.A.  
as Administrative Agent  
383 Madison Avenue  
New York, New York 10179  
and  
The Lenders Party to the  
Credit Agreement Referenced Below

Re: Credit Agreement dated as of October 18, 2019 among Textron Inc., the Lenders from time to time party thereto and JPMorgan Chase Bank, N.A., as Administrative Agent.

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Ladies and Gentlemen:

I am the Executive Counsel of Textron Inc., a Delaware corporation (the “**Borrower**”). This opinion is rendered to you pursuant to Section 3.01(c) of the Credit Agreement dated as of October 18, 2019 (the “**Credit Agreement**”) among the Borrower, the Lenders from time to time party thereto (the “**Lenders**”) and JPMorgan Chase Bank, N.A., as Administrative Agent. The undersigned has prepared this opinion and delivered it to the Lenders for their benefit at the request of the Borrower. Unless otherwise defined herein, capitalized terms used herein have the meanings set forth in the Credit Agreement.

In my capacity as Executive Counsel I have examined originals, or copies identified to my satisfaction, of such records, documents or other instruments as in my judgment are necessary or appropriate to enable me to render the opinions expressed below. I am familiar, either directly or by inquiry of other officers or employees of the Borrower and its Subsidiaries or others, and/or through

examination of the Borrower's and its Subsidiaries' books and records, with the business, affairs and records of the Borrower and its Subsidiaries requisite to giving this opinion. Where and as this opinion states conclusions based upon the absence of facts, I have received in the course of my employment no contrary information and would expect to receive such information if an officer of the Borrower had notice thereof.

I have been furnished with, and have obtained and relied without independent investigation upon, such certificates and assurances from public officials as I have deemed necessary or appropriate. In my examinations, I have assumed (a) the genuineness of all signatures as to all parties other than the Borrower, the conformity to original documents of all documents submitted to them as copies or drafts and the authenticity of such originals of such latter documents, (b) as to all Persons other than the Borrower, the due completion, execution, acknowledgment as indicated thereon and delivery of documents recited herein and therein and the validity and enforceability against all parties thereto, and (c) that each Person other than the Borrower which is a party to the Credit Agreement has full power, authority and legal right, under its charter and other governing documents, corporate legislation and the laws of its jurisdiction of incorporation, to perform its respective obligations under the Credit Agreement.

I have investigated such questions of law for the purpose of rendering this opinion as I have deemed necessary. I am opining herein only as to the United States federal laws and the corporate laws of the State of Delaware.

On the basis of the foregoing, and in reliance thereon, and subject to the limitations, qualifications and exceptions set forth herein, I am of the opinion that:

1. The Borrower is a corporation duly organized, validly existing and in good standing under the laws of Delaware. The Borrower has all requisite corporate power and authority to own and operate its properties, to carry on its business as now conducted and proposed to be conducted, to enter into the Credit Agreement and each Note issued on the date hereof and to carry out the transactions contemplated thereby.

2. The Borrower is in good standing wherever necessary to carry on its present business and operations, except in jurisdictions in which the failure to be in good standing has not had and will not have a Material Adverse Effect.

3. The execution, delivery and performance of the Credit Agreement and each Note issued on the date hereof and the borrowing of the Loans and the request for the issuance of each Letter of Credit have been duly authorized by all necessary corporate action by the Borrower.

4. The execution, delivery and performance by the Borrower of the Credit Agreement and the issuance, delivery and performance of the Notes issued

thereunder today and the borrowing of the Loans and the request for the issuance of each Letter of Credit do not and will not (i) violate any provision of law applicable to the Borrower, except to the extent such violation would not reasonably be expected to result in a Material Adverse Effect, (ii) violate the Restated Certificate of Incorporation or Amended and Restated By-laws of the Borrower, each, as amended, (iii) to my knowledge (after inquiry), violate any order, judgment or decree of any court or other agency of government binding on the Borrower, except to the extent such violation would not reasonably be expected to result in a Material Adverse Effect, (iv) conflict with, result in a breach of or constitute (with due notice or lapse of time or both) a default under any Contractual Obligation of the Borrower or any of its Subsidiaries that is filed as an exhibit to the most recent Form 10-K filed by the Borrower with the Securities and Exchange Commission, except to the extent such violation would not reasonably be expected to result in a Material Adverse Effect, (v) result in or require the creation or imposition of any material Lien upon any of the material properties or assets of the Borrower or any of its Subsidiaries under any such Contractual Obligation or (vi) require any approval of stockholders or any approval or consent of any Person under any such Contractual Obligation.

5. The execution, delivery and performance by the Borrower of the Credit Agreement and the issuance, delivery and performance by the Borrower of any Notes to be issued by the Borrower today will not require any registration with, consent or approval of, or notice to, or other action to, with or by, any federal, state or other Governmental Authority or regulatory body other than any such registration, consent, approval, notice or other action which (i) has been or, with respect to filings with the Securities and Exchange Commission, will be duly made, given or taken or (ii) the failure to make, obtain, give or take would not reasonably be expected to result in a Material Adverse Effect.

6. Except as disclosed in the Financial Statements delivered to the Lenders pursuant to Section 4.03 of the Credit Agreement or as otherwise disclosed to the Lenders prior to the date hereof, to my knowledge (after inquiry), there is no action, suit, proceeding, governmental investigation or arbitration (whether or not purportedly on behalf of the Borrower or any of its Subsidiaries) at law or in equity or before or by any federal, state, municipal or other governmental department, commission, board, bureau, agency, court or instrumentality, domestic or foreign, pending or, to my knowledge, threatened against or affecting the Borrower or any of its Subsidiaries or any property of the Borrower or any of its Subsidiaries which is probable of being successful and which would have a Material Adverse Effect.

7. The Borrower is not subject to any federal or state statute or regulation limiting its ability to incur Indebtedness for money borrowed as contemplated by the Credit Agreement.

8. Neither the Borrower nor any of 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 any Margin Stock.

I am furnishing this opinion to you solely in connection with the entry by the Borrower into the Credit Agreement; the opinion is solely for your benefit and is not to be used, circulated, quoted or otherwise referred to for any other purpose without my express permission, except that this opinion may be furnished (i) to bank examiners and other regulatory authorities should they so request in connection with their normal examinations, (ii) to the independent auditors and attorneys of the Lenders, (iii) pursuant to order or legal process of any court or governmental agency, (iv) in connection with any legal action to which any Lender is a party arising out of the transactions contemplated by the Credit Agreement, or (v) to any potential permitted assignee of or participant in the interest of any Lender under the Credit Agreement for its information. Notwithstanding the foregoing, parties referred to in clause (v) of this paragraph who become Lenders after the date hereof may rely on this opinion as if it were addressed to them (provided that such delivery shall not constitute a re-issue or reaffirmation of this opinion as of any date after the date hereof).

Very truly yours,

[Letterhead of  
Davis Polk & Wardwell LLP]

October 18, 2019

To the Lenders and Administrative Agent referred to below  
c/o JPMORGAN CHASE BANK, N.A.  
as Administrative Agent  
383 Madison Avenue  
New York, New York 10179  
Ladies and Gentlemen:

We have participated in the preparation of the Credit Agreement dated as of October 18, 2019 (the “**Credit Agreement**”) among Textron Inc., a Delaware corporation (the “**Borrower**”), the Lenders party thereto, JPMorgan Chase Bank, N.A., as Administrative Agent (the “**Administrative Agent**”), and have acted as special counsel for the Administrative Agent for the purpose of rendering this opinion pursuant to Section 3.01(d) of the Credit Agreement. Terms defined in the Credit Agreement are used herein as therein defined.

We have reviewed executed copies of the Credit Agreement and each Note issued on the date hereof (each, a “**Note**”).

We have also examined originals or copies, certified or otherwise identified to our satisfaction, of such documents, corporate records, certificates of public officials and officers of the Borrower and other instruments and have conducted such other investigations of fact and law as we have deemed necessary or advisable for purposes of this opinion. In rendering the opinions expressed herein, we have, without independent inquiry or investigation, assumed that (i) all documents submitted to us as originals are authentic and complete, (ii) all documents submitted to us as copies conform to authentic, complete originals, (iii) all signatures on all documents that we reviewed are genuine, (iv) all natural persons executing documents had and have the legal capacity to do so, (v) all statements in certificates of public officials and officers of the Borrower that we reviewed were and are accurate and (vi) all representations made by the Borrower as to matters of fact in the documents that we reviewed were and are accurate.

Based on the foregoing, and subject to the additional assumptions and qualifications set forth below, we are of the opinion that:

1. The execution, delivery and performance by the Borrower of the Credit Agreement and each Note are within the Borrower’s corporate powers and have been duly authorized by all necessary corporate action.

2. The Credit Agreement constitutes a valid and binding agreement of the Borrower and each Note to be issued thereunder today constitutes a valid and binding obligation of the Borrower, in each case enforceable in accordance with its terms.

The foregoing opinions are subject to the following assumptions and qualifications:

- (a) Our opinion in paragraph 2 above is subject to applicable bankruptcy, insolvency and similar laws affecting creditors' rights generally, concepts of reasonableness and equitable principles of general applicability.
- (b) We express no opinion as to any provision in the Credit Agreement that purports to indemnify any Person for its own gross negligence or willful misconduct.
- (c) We express no opinion as to provisions in the Credit Agreement that purport to create rights of set-off in favor of participants or that provide for set-off to be made otherwise than in accordance with applicable laws.
- (d) We express no opinion as to provisions in the Credit Agreement that purport to waive objections to venue, claims that a particular jurisdiction is an inconvenient forum or the like.
- (e) We express no opinion as to whether a New York State or United States federal court would enforce the exclusivity of the jurisdiction of any New York State or United States federal court provided for in the Credit Agreement or any Note.
- (f) We express no opinion as to whether a United States federal court would have subject-matter or personal jurisdiction over a controversy arising under the Credit Agreement or any Note.
- (g) We express no opinion as to the United States federal or any state securities laws.
- (h) We have assumed that (i) the Borrower is a corporation validly existing and in good standing under the laws of the State of Delaware and (ii) the execution, delivery and performance by the Borrower of the Credit Agreement and each Note do not contravene, or constitute a default under, any law, rule or regulation (other than United States federal and New York State statutory laws and the Delaware General Corporation Law, in each case that in our experience are normally applicable to general business corporations in relation to transactions of the type contemplated by the Credit Agreement) or any order, injunction, decree, agreement, contract or instrument to which it is a party or by which it is bound.
- (i) We express no opinion as to the effect (if any) of any law of any jurisdiction (except the State of New York) in which any Lender is located which may limit the rate of interest that such Lender may charge or collect.

- (j) As to various provisions in the Credit Agreement that grant the Administrative Agent or the Lenders certain rights to make determinations or take actions in their discretion, we assume that such discretion will be exercised in good faith and in a commercially reasonable manner.
- (k) We express no opinion with respect to Section 9.18 of the Credit Agreement.

The foregoing opinion is limited to the laws of the State of New York, the federal laws of the United States of America and, with respect to paragraph 1 above only, the General Corporation Law of the State of Delaware, except that we express no opinion as to any law, rule or regulation that is applicable to the Borrower, the Credit Agreement or any Note or the transactions contemplated thereby solely because such law, rule or regulation is part of a regulatory regime applicable to any party to the Credit Agreement or any Note or any of its affiliates due to the specific assets or business of such party or such affiliate.

This opinion is delivered to you in connection with the above matter. This opinion may not be relied upon by you for any other purpose or relied upon by or delivered to any other person without our prior written consent.

Very truly yours,

**FORM OF NOTICE OF BORROWING**

Pursuant to Section 2.01(b) of that certain Credit Agreement dated as of October 18, 2019 among Textron Inc., a Delaware corporation (the “**Borrower**”), the Lenders from time to time party thereto (the “**Lenders**”) and JPMorgan Chase Bank, N.A., as Administrative Agent (the “**Agent**”) (as amended to the date hereof being the “**Credit Agreement**”), this notice represents the undersigned Borrower’s request to borrow on \_\_\_\_\_, 20\_\_<sup>1</sup> from the Lenders in accordance with each Lender’s Pro Rata share \$ \_\_\_\_\_ as [Base Rate/Eurodollar Rate] Loans. [The initial Interest Period for such Loans is requested to be a \_\_\_\_\_ period.]<sup>2</sup> The proceeds of such Loans are to be deposited in the Borrower’s account designated below. Capitalized terms used herein without definition shall have the meanings set forth in the Credit Agreement.

Dated<sup>3</sup>:

TEXTRON INC.

By: \_\_\_\_\_  
Name:  
Title:

Account Designation  
Name of Bank:  
Account Number:

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<sup>1</sup> To be a Business Day.

<sup>2</sup> Include bracketed text for borrowings of Eurodollar Rate Loans.

<sup>3</sup> To be delivered no later than (x) in the case of Base Rate Loans, 1:00 p.m. (New York City time) on the proposed Funding Date and (y) in the case of Eurodollar Rate Loans, 10:30 a.m. (New York City time) three Business Days in advance of the proposed Funding Date.

**FORM OF NOTICE OF CONVERSION/CONTINUATION**

Pursuant to that certain Credit Agreement dated as of October 18, 2019 (as amended to the date hereof, the “**Credit Agreement**”) among Textron Inc. (the “**Borrower**”), the Lenders from time to time party thereto and JPMorgan Chase Bank, N.A., as Administrative Agent, this notice represents the undersigned Borrower’s request [A: to convert \$ \_\_\_\_\_ in principal amount of presently outstanding Base Rate Loans with an Interest Payment Date of \_\_\_\_\_, 20\_\_ to Eurodollar Rate Loans on \_\_\_\_\_, 20\_\_. The Interest Period for such Eurodollar Rate Loans commencing on such Interest Payment Date is requested to be a \_\_\_\_\_ period.] [B: to continue as Eurodollar Rate Loans \$ \_\_\_\_\_ in principal amount of presently outstanding Eurodollar Rate Loans with an Interest Payment Date of \_\_\_\_\_, 20\_\_. The Interest Period for such Eurodollar Rate Loans commencing on such Interest Payment Date is requested to be a \_\_\_\_\_ period.]<sup>1</sup>

Dated:

TEXTRON INC.

By: \_\_\_\_\_  
Name:  
Title:

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<sup>1</sup> Insert A or B with appropriate insertions.

**TEXTRON INC.**

**Compliance Certificate**

With reference to the provisions of Section 5.01 of the Credit Agreement dated as of October 18, 2019 (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the “**Agreement**”) among Textron Inc. (the “**Borrower**”), the Lenders from time to time party thereto and JPMorgan Chase Bank, N.A., as Administrative Agent, the undersigned, being the [Vice President and Controller (Principal Accounting Officer)] of the Borrower, hereby certifies that:

- (a) the consolidated balance sheet at [insert date] and the related consolidated statements of income and cash flows for the [quarter] [year] then ended which were included in the accompanying [Quarterly] [Annual] Report on Form 10-K/10-Q for the [year/quarter] ended [insert date], present fairly the consolidated financial position of Textron Inc. at [insert date] and the consolidated results of its operations and its cash flows for the [quarter] [year] then ended, in conformity with generally accepted accounting principles which have been applied on a consistent basis during the period except as noted in such report;
- (b) with respect to Section 6.03 of the Agreement, the Consolidated Indebtedness of Textron Manufacturing did not at any time exceed an amount equal to 65% of Consolidated Capitalization (as such terms are defined in the Agreement) as at [insert date] (see Schedule A attached hereto);
- (c) with respect to Section 6.05(b) of the Agreement, the Finance Company Leverage Ratio did not at any time exceed 9 to 1 as at [insert date] (see Schedule A attached hereto); and
- (d) the undersigned has reviewed the terms of the Agreement and has made, or caused to be made under the undersigned’s supervision, a review in reasonable detail of the transactions and condition of the Borrower and its consolidated subsidiaries during the accounting period covered by the above-referenced financial statements and the undersigned has no knowledge of the existence as at the date of this certificate of any condition or event which constitutes an Event of Default or a Potential Event of Default (as such terms are defined in the Agreement).

IN WITNESS WHEREOF, the undersigned has hereunto set his hand this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_.

\_\_\_\_\_  
[Vice President and Controller]

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TEXTRON INC.  
Financial Covenant  
(in millions)

[Insert Date]

Section 6.03 -

Consolidated Indebtedness of Textron Manufacturing (defined in the Credit Agreement as the sum of short-term and long-term indebtedness for borrowed money that is shown on a balance sheet of Textron Manufacturing (or would be if a balance sheet were prepared on such date)) \$

Maximum permitted:

Consolidated Capitalization, i.e., the sum of (without duplication):  
 (a) Consolidated Indebtedness of Textron Manufacturing \$  
 (b) *Plus* Consolidated Net Worth (defined in the Credit Agreement as the stockholders' equity of the Borrower and its Subsidiaries on a consolidated basis (but excluding the effects of the Borrower's accumulated other comprehensive income/loss) calculated in conformity with GAAP)  
 (b) *Plus* preferred stock of the Borrower  
 (c) *Plus* other securities of the Borrower convertible (whether mandatorily or at the option of the holder) into capital stock of the Borrower  
*Equals:* Consolidated Capitalization \$

X 65% *equals* maximum permitted as of [Insert Date] \$

[Insert Date]

Section 6.05(b) -

Finance Company Leverage Ratio  
 (i) Finance Group debt (determined in a manner consistent with "Finance group debt" on the Borrower's consolidated balance sheet included in the Financial Statements) \$  
 (ii) *Minus* Finance Group securitized debt (determined in a manner consistent with "Note 7. Debt and Credit Facilities" in the notes to the Financial Statements")

(A) <i>Equals:</i>	\$ _____
(iii) Total Finance Group assets	\$ _____
(iv) <i>Minus</i> Total Finance Group liabilities	\$ _____
(B) <i>Equals:</i>	\$ _____

Ratio of (A) to (B):

Maximum Permitted 9.00:1.00 \_\_\_\_\_:1.00

FORM OF ASSIGNMENT AND ASSUMPTION

This Assignment and Assumption (the “Assignment and Assumption”) is dated as of the Effective Date set forth below and is entered into by and between [the][each]<sup>5</sup> Assignor identified in item 1 below ([the][each, an] “Assignor”) and [the][each] Assignee identified in item 2 below ([the][each, an] “Assignee”). [It is understood and agreed that the rights and obligations of [the Assignors][the Assignees]<sup>6</sup> hereunder are several and not joint.]<sup>7</sup> Capitalized terms used but not defined herein shall have the meanings given to them in the Credit Agreement identified below (as amended, the “Credit Agreement”), receipt of a copy of which is hereby acknowledged by [the] [each] Assignee. The Standard Terms and Conditions set forth in Annex 1 attached hereto are hereby agreed to and incorporated herein by reference and made a part of this Assignment and Assumption as if set forth herein in full.

For an agreed consideration, [the][each] Assignor hereby irrevocably sells and assigns to [the Assignee][the respective Assignees], and [the][each] Assignee hereby irrevocably purchases and assumes from [the Assignor][the respective Assignors], subject to and in accordance with the Standard Terms and Conditions and the Credit Agreement, as of the Effective Date inserted by the Administrative Agent as contemplated below (i) all of [the Assignor’s][the respective Assignors’] rights and obligations in [its capacity as a Lender][their respective capacities as Lenders] under the Credit Agreement and any other documents or instruments delivered pursuant thereto to the extent related to the amount and percentage interest identified below of all of such outstanding rights and obligations of [the Assignor][the respective Assignors] under the respective facilities identified below (including without limitation any letters of credit and guarantees included in such facilities), and (ii) to the extent permitted to be assigned under applicable law, all claims, suits, causes of action and any other right of [the Assignor (in its capacity as a Lender)][the respective Assignors (in their respective capacities as Lenders)] against any Person, whether known or unknown, arising under or in connection with the Credit Agreement, any other documents or instruments delivered pursuant thereto or the loan transactions governed thereby or in any way based on or related to any of the

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<sup>5</sup> For bracketed language here and elsewhere in this form relating to the Assignor(s), if the assignment is from a single Assignor, choose the first bracketed language. If the assignment is from multiple Assignors, choose the second bracketed language.

<sup>6</sup> Select as appropriate.

<sup>7</sup> Include bracketed language if there are either multiple Assignors or multiple Assignees.

foregoing, including, but not limited to, contract claims, tort claims, malpractice claims, statutory claims and all other claims at law or in equity related to the rights and obligations sold and assigned pursuant to clause (i) above (the rights and obligations sold and assigned by [the][any] Assignor to [the][any] Assignee pursuant to clauses (i) and (ii) above being referred to herein collectively as [the][an] “Assigned Interest”). Each such sale and assignment is without recourse to [the][any] Assignor and, except as expressly provided in this Assignment and Assumption, without representation or warranty by [the][any] Assignor.

1. Assignor[s]: \_\_\_\_\_  
\_\_\_\_\_

2. Assignee[s]: \_\_\_\_\_

\_\_\_\_\_ [Assignee is an [Affiliate][Approved Fund] of [*identify Lender*]

- 3. Borrower:                    Textron Inc.
- 4. Administrative Agent: JPMorgan Chase Bank, N.A., as the administrative agent under the Credit Agreement
- 5. Credit Agreement:        The \$1,000,000,000 Credit Agreement dated as of October 18, 2019 by and among Textron Inc., as borrower, the Lenders parties thereto, and the Administrative Agent referred to above

6. Assigned Interest[s]:

Assignor[s] <sup>8</sup>	Assignee[s] <sup>9</sup>	Aggregate Amount of Commitment/Loans for all Lenders <sup>10</sup>	Amount of Commitment/Loans Assigned <sup>8</sup>	Percentage Assigned of Commitment/Loans <sup>11</sup>	CUSIP Number
		\$	\$	%	
		\$	\$	%	
		\$	\$	%	

[7. Trade Date: \_\_\_\_\_]<sup>12</sup>

[Page break]

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<sup>8</sup> List each Assignor, as appropriate.

<sup>9</sup> List each Assignee, as appropriate.

<sup>10</sup> Amount to be adjusted by the counterparties to take into account any payments or prepayments made between the Trade Date and the Effective Date.

<sup>11</sup> Set forth, to at least 9 decimals, as a percentage of the Commitment/Loans of all Lenders thereunder.

<sup>12</sup> To be completed if the Assignor(s) and the Assignee(s) intend that the minimum assignment amount is to be determined as of the Trade Date.

Effective Date: \_\_\_\_\_, 20\_\_\_\_ [TO BE INSERTED BY ADMINISTRATIVE AGENT AND WHICH SHALL BE THE EFFECTIVE DATE OF RECORDATION OF TRANSFER IN THE REGISTER THEREFOR.]

The terms set forth in this Assignment and Assumption are hereby agreed to:

ASSIGNOR[S]<sup>13</sup>  
[NAME OF ASSIGNOR]

By: \_\_\_\_\_  
Name:  
Title:

[NAME OF ASSIGNOR]

By: \_\_\_\_\_  
Name:  
Title:

ASSIGNEE[S]<sup>14</sup>  
[NAME OF ASSIGNEE]

By: \_\_\_\_\_  
Name:  
Title:

[NAME OF ASSIGNEE]

By: \_\_\_\_\_  
Name:  
Title:

<sup>13</sup> Add additional signature blocks as needed. Include both Fund/Pension Plan and manager making the trade (if applicable).

<sup>14</sup> Add additional signature blocks as needed. Include both Fund/Pension Plan and manager making the trade (if applicable).

[Consented to and]<sup>15</sup> Accepted:

JPMORGAN CHASE BANK, N.A., as  
Administrative Agent

By: \_\_\_\_\_  
Name:  
Title:

[Consented to:]<sup>16</sup>

TEXTRON INC., as Borrower

By: \_\_\_\_\_  
Name:  
Title:

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<sup>15</sup> To be added only if the consent of the Administrative Agent is required by the terms of Section 9.01 of the Credit Agreement.

<sup>16</sup> To be added only if the consent of the Borrower is required by the terms of Section 9.01 of the Credit Agreement.

Consented to and Accepted:

[NAME OF ISSUING BANKS]

By: \_\_\_\_\_

Name:

Title:

STANDARD TERMS AND CONDITIONS FOR  
ASSIGNMENT AND ASSUMPTION1. Representations and Warranties.

1.1 Assignor[s]. [The][Each] Assignor (a) represents and warrants that (i) it is the legal and beneficial owner of [the][the relevant] Assigned Interest, (ii) [the][such] Assigned Interest is free and clear of any lien, encumbrance or other adverse claim, (iii) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby and (iv) it is not a Defaulting Lender; and (b) assumes no responsibility with respect to (i) any statements, warranties or representations made in or in connection with the Credit Agreement or any other Loan Document, (ii) the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Loan Documents or any collateral thereunder, (iii) the financial condition of the Borrower, any of its Subsidiaries or Affiliates or any other Person obligated in respect of any Loan Document, or (iv) the performance or observance by the Borrower, any of its Subsidiaries or Affiliates or any other Person of any of their respective obligations under any Loan Document.

1.2. Assignee[s]. [The][Each] Assignee (a) represents and warrants that (i) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby and to become a Lender under the Credit Agreement, (ii) it meets all the requirements to be an assignee under Section 9.01(c) of the Credit Agreement (subject to such consents, if any, as may be required thereunder), (iii) from and after the Effective Date, it shall be bound by the provisions of the Credit Agreement as a Lender thereunder and, to the extent of [the][the relevant] Assigned Interest, shall have the obligations of a Lender thereunder, (iv) it is sophisticated with respect to decisions to acquire assets of the type represented by the Assigned Interest and either it, or the Person exercising discretion in making its decision to acquire the Assigned Interest, is experienced in acquiring assets of such type, (v) it has received a copy of the Credit Agreement, and has received or has been accorded the opportunity to receive copies of the most recent financial statements delivered pursuant to Section 5.01 thereof, as applicable, and such other documents and information as it deems appropriate to make its own credit analysis and decision to enter into this Assignment and Assumption and to purchase [the][such] Assigned Interest, (vi) it has, independently and without reliance upon the Administrative Agent or any other Lender and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Assignment and Assumption and to purchase [the][such] Assigned Interest, and (vii) if it is a Lender organized under the laws of a jurisdiction outside of the

United States, attached to the Assignment and Assumption is any documentation required to be delivered by it pursuant to the terms of the Credit Agreement, duly completed and executed by [the][such] Assignee; and (b) agrees that (i) it will, independently and without reliance on the Administrative Agent, [the][any] Assignor or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Loan Documents, and (ii) it will perform in accordance with their terms all of the obligations which by the terms of the Loan Documents are required to be performed by it as a Lender.

2. Payments. From and after the Effective Date, the Administrative Agent shall make all payments in respect of [the][each] Assigned Interest (including payments of principal, interest, fees and other amounts) to [the][the relevant] Assignor for amounts which have accrued to but excluding the Effective Date and to [the][the relevant] Assignee for amounts which have accrued from and after the Effective Date. Notwithstanding the foregoing, the Administrative Agent shall make all payments of interest, fees or other amounts paid or payable in kind from and after the Effective Date to [the][the relevant] Assignee.

3. General Provisions. This Assignment and Assumption shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns. This Assignment and Assumption may be executed in any number of counterparts, which together shall constitute one instrument. Delivery of an executed counterpart of a signature page of this Assignment and Assumption by telecopy shall be effective as delivery of a manually executed counterpart of this Assignment and Assumption. This Assignment and Assumption shall be governed by, and construed in accordance with, the law of the State of New York (without regard to conflicts of laws principles).

EXTENSION AGREEMENT

JPMorgan Chase Bank, N.A., as Administrative Agent  
under the Credit Agreement referred to below  
383 Madison Avenue  
New York, New York 10179

Ladies and Gentlemen:

Effective as of [insert pre-effectiveness Termination Date], the undersigned hereby agrees to extend its Commitment and the Termination Date under the Credit Agreement dated as of October 18, 2019 (as amended, restated, amended and restated, supplement or otherwise modified from time to time, the “**Credit Agreement**”) among Textron Inc., the Lenders from time to time party thereto and JPMorgan Chase Bank, N.A., as Administrative Agent, for one year to [date to which the Termination Date is to be extended] pursuant to Section 2.01(d) of the Credit Agreement. Terms defined in the Credit Agreement are used herein as therein defined.

This Extension Agreement shall be governed by, and shall be construed and enforced in accordance with, the laws of the State of New York (without regard to conflicts of law principles). This Extension Agreement may be signed in any number of counterparts, each of which shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument.

[NAME OF LENDER]

By: \_\_\_\_\_  
Name:  
Title:

[for Lenders requiring two signature blocks]

By: \_\_\_\_\_  
Name:  
Title:

Agreed and Accepted:

TEXTRON INC.,  
as Borrower

By: \_\_\_\_\_  
Name:  
Title:

JPMORGAN CHASE BANK, N.A.,  
as Administrative Agent

By: \_\_\_\_\_  
Name:  
Title:

**Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Scott C. Donnelly, Chairman, President and Chief Executive Officer of Textron Inc. certify that:

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

Date: October 23, 2019

/s/ Scott C. Donnelly

Scott C. Donnelly  
Chairman, President and Chief Executive Officer

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**Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Frank T. Connor, Executive Vice President and Chief Financial Officer of Textron Inc. certify that:

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

Date: October 23, 2019

/s/ Frank T. Connor

Frank T. Connor  
Executive Vice President and Chief Financial Officer

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## TEXTRON INC.

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

In connection with the Quarterly Report of Textron Inc. (the "Company") on Form 10-Q for the period ended September 28, 2019 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Scott C. Donnelly, Chairman, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: October 23, 2019

/s/ Scott C. Donnelly

Scott C. Donnelly  
Chairman, President and Chief Executive Officer

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## TEXTRON INC.

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

In connection with the Quarterly Report of Textron Inc. (the "Company") on Form 10-Q for the period ended September 28, 2019 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Frank T. Connor, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: October 23, 2019

/s/ Frank T. Connor

Frank T. Connor  
Executive Vice President and Chief Financial Officer

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