

**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 March 29, 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: 1-8703**

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**Western Digital®**  
**WESTERN DIGITAL CORPORATION**

*(Exact Name of Registrant as Specified in Its Charter)*

**Delaware**

*(State or other jurisdiction of  
incorporation or organization)*

**5601 Great Oaks Parkway  
San Jose, California**

*(Address of principal executive offices)*

**33-0956711**

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

**95119**

*(Zip 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, \$.01 Par Value Per Share	WDC	The Nasdaq Stock Market LLC (Nasdaq Global Select Market)

**Registrant's telephone number, including area code: (408) 717-6000**

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

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

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

Large accelerated filer

Accelerated filer

Non-accelerated filer

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 the close of business on April 30, 2019, 292,997,704 shares of common stock, par value \$0.01 per share, were outstanding.

**WESTERN DIGITAL CORPORATION**  
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Unless otherwise indicated, references herein to specific years and quarters are to our fiscal years and fiscal quarters, and references to financial information are on a consolidated basis. As used herein, the terms "we," "us," "our," the "Company," "WDC" and "Western Digital" refer to Western Digital Corporation and its subsidiaries, unless we state, or the context indicates, otherwise.

WDC, a Delaware corporation, is the parent company of our data storage business. Our principal executive offices are located at 5601 Great Oaks Parkway, San Jose, California 95119. Our telephone number is (408) 717-6000 and our website is [www.wdc.com](http://www.wdc.com). The information on our website is not incorporated in this Quarterly Report on Form 10-Q.

Western Digital, the Western Digital logo, G-Technology, SanDisk and WD are registered trademarks or trademarks of Western Digital or its affiliates in the U.S. and/or other countries. All other trademarks, registered trademarks and/or service marks, indicated or otherwise, are the property of their respective owners.

## FORWARD-LOOKING STATEMENTS

*This document contains forward-looking statements within the meaning of the federal securities laws. Any statements that do not relate to historical or current facts or matters are forward-looking statements. You can identify some of the forward-looking statements by the use of forward-looking words, such as “may,” “will,” “could,” “would,” “project,” “believe,” “anticipate,” “expect,” “estimate,” “continue,” “potential,” “plan,” “forecast,” and the like, or the use of future tense. Statements concerning current conditions may also be forward-looking if they imply a continuation of current conditions. Examples of forward-looking statements include, but are not limited to, statements concerning:*

- *expectations regarding our Flash Ventures joint venture with Toshiba Memory Corporation, the flash industry and our flash wafer output plans;*
- *our cost and expense reduction actions;*
- *our quarterly cash dividend policy and share repurchase program;*
- *expectations regarding our product development and technology plans;*
- *expectations regarding our future results of operations;*
- *expectations regarding the outcome of legal proceedings in which we are involved;*
- *expectations regarding the impact of the Tax Cuts and Jobs Act enacted on December 22, 2017 on the Company;*
- *expectations regarding the repatriation of funds from our foreign operations;*
- *our beliefs regarding tax benefits and the timing of future payments, if any, relating to the unrecognized tax benefits, and the adequacy of our tax provisions;*
- *expectations regarding capital investments and sources of funding for those investments; and*
- *our beliefs regarding the sufficiency of our available liquidity to meet our working capital, our debt and debt covenants, our dividend plans and our capital expenditure needs.*

*Forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those expressed in the forward-looking statements. You are urged to carefully review the disclosures we make concerning risks and other factors that may affect our business and operating results, including those made in Part II, Item 1A of this Quarterly Report on Form 10-Q, and any of those made in our other reports filed with the Securities and Exchange Commission. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this document. We do not intend, and undertake no obligation, to publish revised forward-looking statements to reflect events or circumstances after the date of this document or to reflect the occurrence of unanticipated events.*

## PART I. FINANCIAL INFORMATION

Item 1. *Financial Statements (unaudited)*

**WESTERN DIGITAL CORPORATION**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(in millions, except par value)  
(Unaudited)

	March 29, 2019	June 29, 2018
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 3,682	\$ 5,005
Accounts receivable, net	1,223	2,197
Inventories	3,440	2,944
Other current assets	557	492
Total current assets	8,902	10,638
Property, plant and equipment, net	3,031	3,095
Notes receivable and investments in Flash Ventures	2,403	2,105
Goodwill	10,075	10,075
Other intangible assets, net	1,918	2,680
Other non-current assets	584	642
Total assets	\$ 26,913	\$ 29,235
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 1,577	\$ 2,265
Accounts payable to related parties	312	259
Accrued expenses	1,645	1,274
Accrued compensation	402	479
Current portion of long-term debt	276	179
Total current liabilities	4,212	4,456
Long-term debt	10,309	10,993
Other liabilities	2,178	2,255
Total liabilities	16,699	17,704
Commitments and contingencies (Notes 7, 9, 11 and 14)		
Shareholders' equity:		
Preferred stock, \$0.01 par value; authorized — 5 shares; issued and outstanding — none	—	—
Common stock, \$0.01 par value; authorized — 450 shares; issued — 312 shares; outstanding — 293 shares and 296 shares, respectively	3	3
Additional paid-in capital	3,891	4,254
Accumulated other comprehensive loss	(55)	(39)
Retained earnings	7,799	8,757
Treasury stock — common shares at cost; 19 shares and 16 shares, respectively	(1,424)	(1,444)
Total shareholders' equity	10,214	11,531
Total liabilities and shareholders' equity	\$ 26,913	\$ 29,235

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

**WESTERN DIGITAL CORPORATION**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
(in millions, except per share amounts)  
(Unaudited)

	Three Months Ended		Nine Months Ended	
	March 29, 2019	March 30, 2018	March 29, 2019	March 30, 2018
Revenue, net	\$ 3,674	\$ 5,013	\$ 12,935	\$ 15,530
Cost of revenue	3,095	3,086	9,648	9,677
Gross profit	579	1,927	3,287	5,853
Operating expenses:				
Research and development	544	602	1,659	1,823
Selling, general and administrative	353	376	1,018	1,121
Employee termination, asset impairment, and other charges	76	35	142	135
Total operating expenses	973	1,013	2,819	3,079
Operating income (loss)	(394)	914	468	2,774
Interest and other income (expense):				
Interest income	13	16	43	46
Interest expense	(118)	(160)	(352)	(562)
Other income (expense), net	22	(898)	28	(902)
Total interest and other expense, net	(83)	(1,042)	(281)	(1,418)
Income (loss) before taxes	(477)	(128)	187	1,356
Income tax expense (benefit)	104	(189)	744	1,437
Net income (loss)	\$ (581)	\$ 61	\$ (557)	\$ (81)
Income (loss) per common share				
Basic	\$ (1.99)	\$ 0.20	\$ (1.91)	\$ (0.27)
Diluted	\$ (1.99)	\$ 0.20	\$ (1.91)	\$ (0.27)
Weighted average shares outstanding:				
Basic	292	298	291	296
Diluted	292	308	291	296
Cash dividends declared per share	\$ 0.50	\$ 0.50	\$ 1.50	\$ 1.50

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

**WESTERN DIGITAL CORPORATION**  
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)**  
**(in millions)**  
**(Unaudited)**

	Three Months Ended		Nine Months Ended	
	March 29, 2019	March 30, 2018	March 29, 2019	March 30, 2018
Net income (loss)	\$ (581)	\$ 61	\$ (557)	\$ (81)
Other comprehensive income (loss), before tax:				
Actuarial pension gain	—	1	1	1
Foreign currency translation adjustment	(2)	76	(8)	78
Net unrealized gain (loss) on derivative contracts and available-for-sale securities	(24)	18	(18)	31
Total other comprehensive income (loss), before tax	(26)	95	(25)	110
Income tax benefit (expense) related to items of other comprehensive income (loss), before tax	6	(3)	9	(6)
Other comprehensive income (loss), net of tax	(20)	92	(16)	104
Total comprehensive income (loss)	<u>\$ (601)</u>	<u>\$ 153</u>	<u>\$ (573)</u>	<u>\$ 23</u>

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

**WESTERN DIGITAL CORPORATION**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(in millions)  
(Unaudited)

	Nine Months Ended	
	March 29, 2019	March 30, 2018
<b>Cash flows from operating activities</b>		
Net loss	\$ (557)	\$ (81)
Adjustments to reconcile net loss to net cash provided by operations:		
Depreciation and amortization	1,396	1,567
Stock-based compensation	242	299
Deferred income taxes	253	(336)
Loss on disposal of assets	4	16
Write-off of issuance costs and amortization of debt discounts	28	208
Cash premium on extinguishment of debt	—	720
Non-cash portion of employee termination, asset impairment and other charges	—	16
Other non-cash operating activities, net	19	(15)
Changes in:		
Accounts receivable, net	975	(58)
Inventories	(496)	(324)
Accounts payable	(549)	(41)
Accounts payable to related parties	53	76
Accrued expenses	373	(89)
Accrued compensation	(78)	2
Other assets and liabilities, net	(285)	1,382
Net cash provided by operating activities	1,378	3,342
<b>Cash flows from investing activities</b>		
Purchases of property, plant and equipment	(722)	(643)
Proceeds from the sale of property, plant and equipment	3	24
Acquisitions, net of cash acquired	—	(99)
Purchases of investments	(69)	(66)
Proceeds from sale of investments	49	39
Proceeds from maturities of investments	7	16
Notes receivable issuances to Flash Ventures	(858)	(1,015)
Notes receivable proceeds from Flash Ventures	570	308
Strategic investments and other, net	(22)	30
Net cash used in investing activities	(1,042)	(1,406)
<b>Cash flows from financing activities</b>		
Issuance of stock under employee stock plans	66	146
Taxes paid on vested stock awards under employee stock plans	(109)	(164)
Repurchases of common stock	(563)	(155)
Dividends paid to shareholders	(438)	(443)
Settlement of debt hedge contracts	—	28
Proceeds from (repayment of) revolving credit facility	(500)	500
Repayment of debt	(113)	(14,581)
Proceeds from debt	—	11,384
Debt issuance costs	—	(52)
Net cash used in financing activities	(1,657)	(3,337)
Effect of exchange rate changes on cash	(2)	10
Net decrease in cash and cash equivalents	(1,323)	(1,391)
Cash and cash equivalents, beginning of year	5,005	6,354
Cash and cash equivalents, end of period	\$ 3,682	\$ 4,963
<b>Supplemental disclosure of cash flow information:</b>		
Cash paid for income taxes	\$ 323	\$ 177
Cash paid for interest	\$ 355	\$ 633

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

**WESTERN DIGITAL CORPORATION**  
**CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY**  
(in millions)

	Common Stock		Treasury Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total Shareholders' Equity
	Shares	Amount	Shares	Amount				
<b>Balance at June 29, 2018</b>	312	\$ 3	(16)	\$ (1,444)	\$ 4,254	\$ (39)	\$ 8,757	\$ 11,531
Net income	—	—	—	—	—	—	511	511
Employee stock plans	—	—	1	198	(256)	—	—	(58)
Adoption of New Accounting Standards	—	—	—	—	—	—	56	56
Stock-based compensation	—	—	—	—	79	—	—	79
Repurchases of common stock	—	—	(8)	(563)	—	—	—	(563)
Dividends to shareholders	—	—	—	—	8	—	(152)	(144)
Foreign currency translation adjustment	—	—	—	—	—	(37)	—	(37)
<b>Balance at September 28, 2018</b>	312	\$ 3	(23)	\$ (1,809)	\$ 4,085	\$ (76)	\$ 9,172	\$ 11,375
Net loss	—	—	—	—	—	—	(487)	(487)
Employee stock plans	—	—	2	159	(109)	—	—	50
Stock-based compensation	—	—	—	—	79	—	—	79
Dividends to shareholders	—	—	—	—	7	—	(153)	(146)
Actuarial pension gain	—	—	—	—	—	1	—	1
Foreign currency translation adjustment	—	—	—	—	—	29	—	29
Net unrealized gain on derivative contracts	—	—	—	—	—	11	—	11
<b>Balance at December 28, 2018</b>	312	\$ 3	(21)	\$ (1,650)	\$ 4,062	\$ (35)	\$ 8,532	\$ 10,912
Net loss	—	—	—	—	—	—	(581)	(581)
Employee stock plans	—	—	2	226	(261)	—	—	(35)
Stock-based compensation	—	—	—	—	84	—	—	84
Dividends to shareholders	—	—	—	—	6	—	(152)	(146)
Foreign currency translation adjustment	—	—	—	—	—	(1)	—	(1)
Net unrealized loss on available-for-sale securities	—	—	—	—	—	(19)	—	(19)
<b>Balance at March 29, 2019</b>	312	\$ 3	(19)	\$ (1,424)	\$ 3,891	\$ (55)	\$ 7,799	\$ 10,214

**WESTERN DIGITAL CORPORATION**  
**CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY**  
(in millions)

	Common Stock		Treasury Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total Shareholders' Equity
	Shares	Amount	Shares	Amount				
<b>Balance at June 30, 2017</b>	312	\$ 3	(18)	\$ (1,666)	\$ 4,506	\$ (58)	\$ 8,633	\$ 11,418
Net income	—	—	—	—	—	—	681	681
Employee stock plans	—	—	1	156	(197)	—	—	(41)
Adoption of New Accounting Standards	—	—	—	—	(19)	—	70	51
Stock-based compensation	—	—	—	—	97	—	—	97
Dividends to shareholders	—	—	—	—	9	—	(155)	(146)
Foreign currency translation adjustment	—	—	—	—	—	(4)	—	(4)
Net unrealized gain on derivative contracts and available-for-sale securities	—	—	—	—	—	3	—	3
<b>Balance at September 29, 2017</b>	312	\$ 3	(17)	\$ (1,510)	\$ 4,396	\$ (59)	\$ 9,229	\$ 12,059
Net loss	—	—	—	—	—	—	(823)	(823)
Employee stock plans	—	—	2	165	(92)	—	—	73
Stock-based compensation	—	—	—	—	99	—	—	99
Dividends to shareholders	—	—	—	—	7	—	(156)	(149)
Foreign currency translation adjustment	—	—	—	—	—	6	—	6
Net unrealized gain on derivative contracts and available-for-sale securities	—	—	—	—	—	7	—	7
<b>Balance at December 29, 2017</b>	312	\$ 3	(15)	\$ (1,345)	\$ 4,410	\$ (46)	\$ 8,250	\$ 11,272
Net income	—	—	—	—	—	—	61	61
Employee stock plans	—	—	4	319	(369)	—	—	(50)
Stock-based compensation	—	—	—	—	103	—	—	103
Equity value of convertible debt issuance, net of deferred taxes	—	—	—	—	125	—	—	125
Repurchases of common stock	—	—	(2)	(155)	—	—	—	(155)
Dividends to shareholders	—	—	—	—	8	—	(156)	(148)
Actuarial pension loss	—	—	—	—	—	1	—	1
Foreign currency translation adjustment	—	—	—	—	—	74	—	74
Net unrealized gain on derivative contracts and available-for-sale securities	—	—	—	—	—	17	—	17
<b>Balance at March 30, 2018</b>	312	\$ 3	(13)	\$ (1,181)	\$ 4,277	\$ 46	\$ 8,155	\$ 11,300

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

**WESTERN DIGITAL CORPORATION**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**

**Note 1. Organization and Basis of Presentation**

Western Digital Corporation (“Western Digital” or “the Company”) is a leading developer, manufacturer and provider of data storage devices and solutions that address the evolving needs of the information technology industry and the infrastructure that enables the proliferation of data in virtually every other industry. The Company’s broad portfolio of technology and products address the following key markets: Client Devices; Data Center Devices and Solutions; and Client Solutions. The Company also generates license and royalty revenue related to its intellectual property (“IP”), which is included in each of these three categories.

The accounting policies followed by the Company are set forth in Part II, Item 8, Note 1, *Organization and Basis of Presentation*, of the Notes to Consolidated Financial Statements included in the Company’s Annual Report on Form 10-K for the fiscal year ended June 29, 2018. In the opinion of management, all adjustments necessary to fairly state the Condensed Consolidated Financial Statements have been made. All such adjustments are of a normal, recurring nature. Certain information and footnote disclosures normally included in the Consolidated Financial Statements prepared in accordance with accounting principles generally accepted in the United States (“U.S. GAAP”) have been condensed or omitted pursuant to the rules and regulations of the Securities and Exchange Commission (“SEC”). These Condensed Consolidated Financial Statements should be read in conjunction with the Consolidated Financial Statements and the notes thereto included in the Company’s Annual Report on Form 10-K for the fiscal year ended June 29, 2018. The results of operations for interim periods are not necessarily indicative of results to be expected for the full year.

*Fiscal Year*

The Company’s fiscal year ends on the Friday nearest to June 30 and typically consists of 52 weeks. Fiscal years 2019, which ends on June 28, 2019, and 2018, which ended on June 29, 2018, are each comprised of 52 weeks, with all quarters presented consisting of 13 weeks. Fiscal year 2020, which ends on July 3, 2020, will be comprised of 53 weeks, with the first quarter consisting of 14 weeks and the remaining quarters consisting of 13 weeks each.

*Use of Estimates*

Company management has made estimates and assumptions relating to the reporting of certain assets and liabilities in conformity with U.S. GAAP. These estimates and assumptions have been applied using methodologies that are consistent throughout the periods presented. However, actual results could differ materially from these estimates.

**WESTERN DIGITAL CORPORATION**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

**Note 2. Recent Accounting Pronouncements**

*Accounting Pronouncements Recently Adopted*

On August 29, 2018, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2018-15, “Customer’s Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract” (“ASU 2018-15”), to reduce diversity in practice in accounting for the costs of implementing cloud computing arrangements that are service contracts. ASU 2018-15 allows entities to apply the guidance in the FASB Accounting Standards Codification (“ASC”) 350-40 to determine which implementation costs are eligible to be capitalized as assets in a cloud computing arrangement that is considered a service contract. The Company adopted this standard on a prospective basis effective June 30, 2018, the beginning of fiscal year 2019, as allowed by the standard. The adoption of this standard and the costs capitalized for the nine months ended March 29, 2019 were not material to the Company’s Condensed Consolidated Financial Statements.

In February 2018, the FASB issued ASU No. 2018-02, “Income Statement-Reporting Comprehensive Income (Topic 220): Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income” (“ASU 2018-02”). ASU 2018-02 allows a reclassification from accumulated other comprehensive income to retained earnings for stranded tax effects resulting from the Tax Cuts and Jobs Act enacted on December 22, 2017 (the “2017 Act”). Consequently, the amendments eliminate the stranded tax effects resulting from the 2017 Act and will improve the usefulness of information reported to financial statement users. Because the amendments only relate to the reclassification of the income tax effects of the 2017 Act, the underlying guidance that requires that the effect of a change in tax laws or rates be included in income from continuing operations is not affected. For tax effects that are unrelated to the 2017 Act, the Company’s policy to release these from Accumulated other comprehensive loss on an individual item basis rather than a portfolio basis remains unchanged. The Company early adopted this standard effective June 30, 2018 and elected to reclassify stranded tax effects resulting from the 2017 Act from Accumulated other comprehensive loss to Retained earnings. The adoption of this standard did not have a material impact on the Company’s Condensed Consolidated Financial Statements.

In August 2017, the FASB issued ASU No. 2017-12, “Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities” (“ASU 2017-12”). ASU 2017-12 simplifies hedge accounting through changes to both designation and measurement requirements. For hedges that qualify as highly effective, the new standard eliminates the requirement to separately measure and record hedge ineffectiveness with the entire change in fair value of designated hedge reported in the results of operations in the same line item as the hedged item. The Company early adopted this standard effective June 30, 2018, using the modified retrospective approach. The adoption of this standard did not have a material impact on the Company’s Condensed Consolidated Financial Statements.

In May 2017, the FASB issued ASU No. 2017-09, “Compensation-Stock Compensation (Topic 718): Scope of Modification Accounting” (“ASU 2017-09”). ASU 2017-09 provides clarification when a change to the terms or conditions of a share-based payment award must be accounted for as a modification. The new guidance requires modification accounting if the fair value, vesting condition or the classification of the award is not the same immediately before and after a change to the terms and conditions of the award. The Company adopted this standard on a prospective basis effective June 30, 2018. The adoption of this standard did not have a material impact on the Company’s Condensed Consolidated Financial Statements.

In March 2017, the FASB issued ASU No. 2017-07, “Compensation-Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost” (“ASU 2017-07”). ASU 2017-07 requires that the Company report the service cost component in the same line item or items as other compensation costs arising from services rendered by the pertinent employees during the period. In addition, the other components of net benefit cost are now presented in Other income (expense), net in the Condensed Consolidated Statements of Operations. The Company adopted this standard effective June 30, 2018. The adoption of this standard did not have a material impact on the Company’s Condensed Consolidated Financial Statements.

In January 2017, the FASB issued ASU No. 2017-01, “Business Combinations (Topic 805): Clarifying the Definition of a Business” (“ASU 2017-01”). ASU 2017-01 narrows the definition of a “business.” This standard provides guidance to assist entities with evaluating when a set of transferred assets and activities is a business. The Company adopted this standard effective June 30, 2018 and will apply it prospectively to transactions occurring thereafter. The adoption of this standard did not have a material impact on the Company’s Condensed Consolidated Financial Statements.

**WESTERN DIGITAL CORPORATION**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

In October 2016, the FASB issued ASU No. 2016-16, “Income Taxes (Topic 740): Intra-Entity Transfers of Assets Other Than Inventory” (“ASU 2016-16”). ASU 2016-16 removes the prohibition in the FASB ASC Topic 740 against the immediate recognition of the current and deferred income tax effects of intra-entity transfers of assets other than inventory. The new standard is intended to reduce the complexity and diversity in practice related to the tax consequences of certain types of intra-entity asset transfers, particularly those involving intellectual property (“IP”). The Company adopted this standard effective June 30, 2018. The adoption of this standard did not have a material impact on the Company’s Condensed Consolidated Financial Statements.

In January 2016, the FASB issued ASU No. 2016-01, “Financial Instruments — Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities” (“ASU 2016-01”). ASU 2016-01 provides guidance related to accounting for equity investments, financial liabilities under the fair value option and the presentation and disclosure requirements for financial instruments. Marketable equity securities previously classified as available-for-sale equity investments are now measured and recorded at fair value with changes in fair value recorded within Other income (expense), net in the Condensed Consolidated Statements of Operations rather than as a component of Other comprehensive income as in prior years. In addition, the FASB clarified guidance related to the valuation allowance assessment when recognizing deferred tax assets resulting from unrealized losses on available-for-sale debt securities. The Company adopted this standard effective June 30, 2018. The adoption of this standard did not have a material impact on the Company’s Condensed Consolidated Financial Statements.

In May 2014, the FASB issued ASU No. 2014-09, “Revenue from Contracts with Customers (Topic 606),” which superseded the requirements in ASC 605 “Revenue Recognition” (Topic 605). Topic 606 outlines a comprehensive five-step revenue recognition model based on the principle that an entity should recognize revenue when control of the promised goods or services is transferred to customers at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. Topic 606 also requires more detailed disclosures to enable users of financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The Company adopted Topic 606 effective June 30, 2018, using the modified retrospective method to all contracts that were not completed contracts as of the beginning of the fiscal year. Results for reporting periods beginning with fiscal year 2019 are presented under Topic 606, while prior period information presented on the financial statements or elsewhere in this Quarterly Report on Form 10-Q is reported under the Company’s historic accounting policies under Topic 605 in effect for that period and is not adjusted to reflect the retrospective effect of the adoption of Topic 606. The cumulative effect of adopting Topic 606 was a post-tax increase to the opening retained earnings of \$56 million as of June 30, 2018, which was primarily related to our license and royalty revenue arrangements. These arrangements had no remaining performance obligations but were previously recognized under Topic 605 when they were reported to the Company by its licensees, which was generally one quarter in arrears from the licensees’ sales of the licensed products. Adoption of the standard did not have a material impact on the Company’s financial position, results of operations, and cash flows, as of or for the three and nine months ended March 29, 2019, and the Company expects that the impact of the adoption of the new standard will not be material to its results of operations prospectively. See Note 3, *Revenues*, for additional disclosures related to this standard.

*Recently Issued Accounting Pronouncements Not Yet Adopted*

In November 2018, the FASB issued ASU No. 2018-18, “Collaborative Arrangements (Topic 808): Clarifying the Interaction between Topic 808 and Topic 606” (“ASU 2018-18”). ASU 2018-18 clarifies that certain transactions between collaborative arrangement participants should be accounted for as revenue when the collaborative arrangement participant is a customer in the context of a unit of account and precludes recognizing as revenue consideration received from a collaborative arrangement participant if the participant is not a customer. This ASU requires retrospective adoption to the date the Company adopted ASC 606 by recognizing a cumulative-effect adjustment to the opening balance of retained earnings of the earliest annual period presented. The amendments are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019, which for the Company is the first quarter of fiscal 2021. The Company does not expect this update to have a material impact on its Consolidated Financial Statements.

**WESTERN DIGITAL CORPORATION**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

In October 2018, the FASB issued ASU No. 2018-16, “Derivatives and Hedging (Topic 815): Inclusion of the Secured Overnight Financing Rate (SOFR) Overnight Index Swap (OIS) Rate as a Benchmark Interest Rate for Hedge Accounting Purposes” (“ASU 2018-16”). ASU 2018-16 allows for the use of the OIS rate based on the SOFR as a U.S. benchmark interest rate for hedge accounting purposes under Topic 815, Derivatives and Hedging. For public entities who have adopted ASU 2017-12, the amendments are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2018, which for the Company is the first quarter of fiscal 2020. The Company does not expect this update to have a material impact on its Consolidated Financial Statements.

In June 2016, the FASB issued ASU No. 2016-13, “Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments” (“ASU 2016-13”). ASU 2016-13 seeks to provide financial statement users with more decision-useful information about the expected credit losses on financial instruments, including trade receivables, and other commitments to extend credit held by a reporting entity at each reporting date. The amendments require an entity to replace the incurred loss impairment methodology in current U.S. GAAP with a methodology that reflects current expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. The amendments are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019, which for the Company is the first quarter of fiscal 2021. The Company is currently evaluating the impact this update will have on its Consolidated Financial Statements.

In February 2016, the FASB issued ASU No. 2016-02, “Leases (Topic 842)” (“ASU 2016-02”). ASU 2016-02 supersedes ASC 840 “Leases”. The amendments in this update require, among other things, that lessees recognize the following for all leases (unless a policy election is made by class of underlying asset to exclude short-term leases) at the commencement date: (1) a lease liability, which is a lessee’s obligation to make lease payments arising from a lease, measured on a discounted basis; and (2) a right-of-use asset, which is an asset that represents the lessee’s right to use, or the direct use of, a specified asset for the lease term. The FASB issued ASU 2018-11 on July 30, 2018, which allows entities to apply the provisions of ASC 842 at the effective date without adjusting comparative periods. The standard is effective for interim and annual reporting periods beginning after December 15, 2018, with early adoption permitted, and provides optional practical expedients to simplify transition. The Company’s cross-functional project management team continues to identify and evaluate the impact of the amended guidance on the Company’s Consolidated Financial Statements and related disclosures, business processes, internal controls, and information systems. The Company has identified its leases and selected a third-party lease accounting software solution. The Company is in the process of implementing its lease accounting software solution and changes to its processes and internal controls to address the new lease standard. The Company’s implementation efforts are progressing as planned. The Company expects to adopt this standard in the first quarter of fiscal 2020 and elect the transition method provided in ASU 2018-11 to apply Topic 842 as of the date of adoption without adjusting comparative periods. The Company also expects to elect the package of practical expedients and not reassess prior conclusions including (a) whether its contracts are or contain a lease, (b) lease classification and (c) capitalization of initial direct costs. The Company continues to evaluate the impact ASU 2016-02 will have on its Consolidated Financial Statements.

**WESTERN DIGITAL CORPORATION**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

**Note 3. Revenues**

The Company offers a broad range of data storage products that include Client Devices, Data Center Devices and Solutions, and Client Solutions. Client Devices consist of hard disk drives (“HDDs”) and solid state drives (“SSDs”) for computing devices; flash-based embedded storage products; and flash-based memory wafers. Data Center Devices and Solutions consist of high-capacity enterprise HDDs and high-performance enterprise SSDs, data center software and system solutions. Client Solutions consist of HDDs and SSDs embedded into external storage products and removable flash-based products. The Company also generates license and royalty revenues related to its IP patent licenses which are not material.

The Company recognizes revenue when it satisfies a performance obligation by transferring control over a product or service to the customer. The transaction price to be recognized as revenue is adjusted for variable consideration, such as sales incentives, and excludes amounts collected on behalf of third parties, including taxes imposed by governmental authorities. The Company’s performance obligations are typically not constrained based on the Company’s history with similar transactions and that uncertainties are resolved in a fairly short period of time.

Substantially all of the Company’s revenue is from the sale of tangible products for which the performance obligations are satisfied at a point in time, generally upon delivery. The Company’s services revenue mainly includes post contract customer support, warranty as a service and maintenance contracts. The performance obligations for the Company’s services are generally satisfied ratably over the service period based on the nature of the service provided and contract terms. Similarly, revenue from patent licensing arrangements is recognized based on whether the arrangement provides the customer a right to use or right to access the IP. Revenue for a right to use arrangement is recognized at the time the control of the license is transferred to the customer. Revenue for a right to access arrangement is recognized over the contract period using the time lapse method. For the sales-based royalty arrangements, the Company estimates and recognizes revenue in the period in which customers’ licensable sales occur.

The Company’s customer payment terms are typically less than three months from the date control over the product or service is transferred to the customer. The Company uses the practical expedient and does not recognize a significant financing component for payment considerations of less than one year. The financing components of contracts with payment terms were not material.

The Company provides distributors and retailers (collectively referred to as “resellers”) with limited price protection for inventories held by resellers at the time of published list price reductions and/or a right of return. The Company also provides resellers and original equipment manufacturers (“OEMs”) with other sales incentive programs. The Company uses judgment in its assessment of variable consideration in contracts to be included in the transaction price. The Company uses the expected value method to arrive at the amount of variable consideration. The Company believes the estimate of variable consideration is not constrained and that the expected value method is the appropriate estimate of the amount of variable consideration based on the fact that the Company has a large number of contracts with similar characteristics. The Company’s methodology for the estimates is based on several factors, including anticipated price decreases during the reseller holding period, resellers’ sell-through and inventory levels, estimated amounts to be reimbursed to qualifying customers, historical pricing information, historical and anticipated returns information and customer claim processing. The Company also has programs under which it reimburses qualified distributors and retailers for certain marketing expenditures, which are typically recorded as a reduction of the transaction price and, therefore, of revenue.

An immaterial amount of the Company’s revenue arrangements include more than one performance obligation, which are typically comprised of tangible products, software and support services for multiple distinct licenses. For these multiple-element arrangements, the Company evaluates whether each deliverable is a distinct promise and should be accounted for as a separate performance obligation. If a promised good or service is not distinct in accordance with the revenue guidance, the Company combines that good or service with the other promised goods or services in the arrangement until a distinct bundle of goods is identified. The Company allocates the transaction price to the performance obligations of each distinct product or service, or distinct bundle, based on their relative standalone selling prices. Where a separate standalone selling price is not available, the transaction price is based on the Company’s best estimate of the selling price. The Company uses one or a combination of more than one of the following methods to estimate the standalone selling price: the adjusted market assessment approach, the expected cost plus a margin approach, or another suitable method based on the facts and circumstances.

**WESTERN DIGITAL CORPORATION**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

Contract assets represent the Company's rights to consideration where performance obligations are completed but the customer payments are not due until another performance obligation is satisfied. The Company did not have any contract assets as of either March 29, 2019 or the date of adoption of Topic 606.

The Company incurs sales commissions and other direct incremental costs to obtain sales contracts. The Company has applied the practical expedient to recognize the direct incremental costs of obtaining contracts as an expense when incurred if the amortization period is expected to be one year or less or the amount is not material, with these costs charged to selling, general and administrative expenses. Prior to the adoption of the new revenue standard, the Company's policy was to expense all contract acquisition costs as incurred. Other direct incremental costs to obtain contracts that have an expected benefit of greater than one year are amortized over the period of expected cash flows from the related contracts, and the amortization expense is recorded as a reduction to revenue. Total capitalized contract costs and the related amortization as of and for the three and nine months ended March 29, 2019 were not material.

Contract liabilities relate to customers' payments in advance of performance under the contract and primarily relate to remaining performance obligations under support and maintenance contracts. As of March 29, 2019 and the date of adoption of Topic 606, contract liabilities were \$46 million and \$120 million, respectively, and were reflected in Accrued expenses. Changes in the contract liability balance during the nine months ended March 29, 2019 include \$93 million of revenue recognized during the period of which the substantial majority relates to the balance that was deferred at June 29, 2018, partially offset by payments received and billings in advance of satisfying performance obligations.

The Company applies the practical expedients and does not disclose transaction price allocated to the remaining performance obligations for (i) arrangements that have an original expected duration of one year or less, which mainly consist of the support and maintenance contracts, and (ii) variable consideration amounts for sale-based or usage-based royalties for IP license arrangements, which typically range longer than one year. Remaining performance obligations are mainly attributed to right-to-access patent license arrangements and customer support and service contracts which will be recognized over the remaining contract period. The transaction price allocated to the remaining performance obligations as of March 29, 2019 was \$204 million, which is mainly attributable to the functional IP license and service arrangements. The Company expects to recognize this amount as revenue as follows: \$20 million during the remainder of fiscal 2019, \$62 million in fiscal 2020, \$47 million in fiscal 2021 and \$75 million thereafter.

**WESTERN DIGITAL CORPORATION**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

The Company's disaggregated revenue information is as follows<sup>(1)</sup>:

	Three Months Ended		Nine Months Ended	
	March 29, 2019	March 30, 2018	March 29, 2019	March 30, 2018
	<i>(in millions, except percentages)</i>			
<b>Revenue by End Market</b>				
Client Devices	\$ 1,625	\$ 2,311	\$ 6,489	\$ 7,634
Data Center Devices & Solutions	1,245	1,660	3,765	4,463
Client Solutions	804	1,042	2,681	3,433
<b>Total Revenue</b>	<b>\$ 3,674</b>	<b>\$ 5,013</b>	<b>\$ 12,935</b>	<b>\$ 15,530</b>
<b>Revenue by Form Factor</b>				
HDD	\$ 2,064	\$ 2,640	\$ 6,618	\$ 7,944
Flash-based	1,610	2,373	6,317	7,586
<b>Total Revenue</b>	<b>\$ 3,674</b>	<b>\$ 5,013</b>	<b>\$ 12,935</b>	<b>\$ 15,530</b>
<b>Revenue by Geography (%)</b>				
Americas	29%	28%	26%	27%
Europe, Middle East and Africa	20	19	19	18
Asia	51	53	55	55

<sup>(1)</sup> Prior year information is presented in accordance with the accounting guidance in effect during that period and has not been updated for Topic 606. The impact of the adoption of Topic 606 was not material.

The Company's top 10 customers accounted for 41% and 45% of its net revenue for the three and nine months ended March 29, 2019, respectively, and 44% and 42% of its net revenue for the three and nine months ended March 30, 2018, respectively. For the three and nine months ended March 29, 2019 and March 30, 2018, no single customer accounted for 10% or more of the Company's net revenue.

**WESTERN DIGITAL CORPORATION**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

**Note 4. Supplemental Financial Statement Data***Accounts receivable, net*

From time to time, in connection with factoring agreements, the Company sells trade accounts receivable without recourse to third party purchasers in exchange for cash. During the nine months ended March 29, 2019, the Company sold trade accounts receivable and received cash proceeds of \$702 million. The discounts on the trade accounts receivable sold during the period were not material and were recorded within Other income (expense), net in the Condensed Consolidated Financial Statements. During the nine months ended March 30, 2018, the Company did not sell any trade accounts receivable.

*Inventories*

	March 29, 2019	June 29, 2018
<i>(in millions)</i>		
<b>Inventories:</b>		
Raw materials and component parts	\$ 1,122	\$ 1,048
Work-in-process	955	878
Finished goods	1,363	1,018
Total inventories	\$ 3,440	\$ 2,944

*Property, plant and equipment, net*

	March 29, 2019	June 29, 2018
<i>(in millions)</i>		
<b>Property, plant, and equipment:</b>		
Land	\$ 307	\$ 306
Buildings and improvements	2,012	1,949
Machinery and equipment	7,593	7,209
Computer equipment and software	460	440
Furniture and fixtures	55	48
Construction-in-process	211	234
Property, plant and equipment, gross	10,638	10,186
Accumulated depreciation	(7,607)	(7,091)
Property, plant, and equipment, net	\$ 3,031	\$ 3,095

*Goodwill*

The Company tests for impairment, at a minimum, on an annual basis or earlier where certain events or changes in circumstances indicate that goodwill may more likely than not be impaired. The Company has experienced fluctuations in the market price of its stock, which resulted in the Company's market capitalization decreasing below book value for eleven trading days near the end of the second quarter and beginning of the third quarter of fiscal 2019. The fair value of the Company using a market capitalization approach based on the Company's share price would include a control premium based on recent transactions that have occurred in the technology industry. This indicative fair value exceeded the Company's book value; therefore, management did not believe that it was more likely than not that goodwill was impaired as of March 29, 2019.

**WESTERN DIGITAL CORPORATION**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

The Company's regularly scheduled annual impairment test is performed as of the first day of its fiscal fourth quarter. The Company uses qualitative factors to determine whether goodwill is more likely than not impaired and whether a quantitative test for impairment is considered necessary. If the Company concludes from the qualitative assessment that goodwill is more likely than not impaired, the Company is required to perform a quantitative assessment to determine the amount of impairment. The Company is required to use judgment when applying the goodwill impairment test, including the identification of reporting units, assignment of assets, liabilities and goodwill to reporting units, and determination of the fair value of each reporting unit. In addition, the estimates used to determine the fair value of reporting units may change based on results of operations, macroeconomic conditions or other factors. The Company is in the process of completing its annual impairment test.

If there are significant decreases in the Company's stock price in the future or other unfavorable factors, the Company may be required to perform a goodwill impairment assessment, which may result in the recognition of a goodwill impairment that could be material to the Consolidated Financial Statements.

*Intangible assets*

	March 29, 2019	June 29, 2018
	(in millions)	
Finite-lived intangible assets	\$ 5,824	\$ 5,818
In-process research and development	72	80
Accumulated amortization	(3,978)	(3,218)
Intangible assets, net	\$ 1,918	\$ 2,680

As part of prior acquisitions, the Company recorded at the time of the acquisition acquired in-process research and development ("IPR&D") for projects in progress that had not yet reached technological feasibility. IPR&D is initially accounted for as an indefinite-lived intangible asset. Once a project reaches technological feasibility, the Company reclassifies the balance to existing technology and begins to amortize the intangible asset over its estimated useful life. During the three and nine months ended March 29, 2019, the Company reclassified \$8 million of acquired IPR&D to existing technology and commenced amortization over its estimated useful life of 2 years.

*Product warranty liability*

Changes in the warranty accrual were as follows:

	Three Months Ended		Nine Months Ended	
	March 29, 2019	March 30, 2018	March 29, 2019	March 30, 2018
	(in millions)			
Warranty accrual, beginning of period	\$ 337	\$ 304	\$ 318	\$ 311
Charges to operations	38	43	119	133
Utilization	(40)	(37)	(108)	(118)
Changes in estimate related to pre-existing warranties	(4)	(5)	2	(21)
Warranty accrual, end of period	\$ 331	\$ 305	\$ 331	\$ 305

The current portion of the warranty accrual is classified in Accrued expenses and the long-term portion is classified in Other liabilities as noted below:

**WESTERN DIGITAL CORPORATION**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

	<b>March 29, 2019</b>	<b>June 29, 2018</b>
<i>(in millions)</i>		
<b>Warranty accrual</b>		
Current portion	\$ 179	\$ 168
Long-term portion	152	150
Total warranty accrual	\$ 331	\$ 318
 <i>Other liabilities</i>		
	<b>March 29, 2019</b>	<b>June 29, 2018</b>
<i>(in millions)</i>		
<b>Other non-current liabilities:</b>		
Non-current net tax payable	\$ 930	\$ 1,315
Other non-current liabilities	1,248	940
Total other non-current liabilities	\$ 2,178	\$ 2,255

*Accumulated other comprehensive income (loss)*

Other comprehensive income (loss) (“OCI”), net of tax refers to expenses, gains and losses that are recorded as an element of shareholders’ equity but are excluded from net income. The following table illustrates the changes in the balances of each component of Accumulated other comprehensive income (loss) (“AOCI”):

	<b>Actuarial Pension Gains (Losses)</b>	<b>Foreign Currency Translation Adjustment</b>	<b>Unrealized Gains (Losses) on Derivative Contracts</b>	<b>Total Accumulated Comprehensive Income (Loss)</b>
<i>(in millions)</i>				
Balance at June 29, 2018	\$ (19)	\$ (21)	\$ 1	\$ (39)
Other comprehensive income (loss) before reclassifications	1	(8)	(26)	(33)
Amounts reclassified from accumulated other comprehensive income	—	—	8	8
Income tax benefit related to items of other comprehensive loss	—	(1)	10	9
Net current-period other comprehensive loss	1	(9)	(8)	(16)
Balance at March 29, 2019	\$ (18)	\$ (30)	\$ (7)	\$ (55)

During the three and nine months ended March 29, 2019 and March 30, 2018, the amounts reclassified out of AOCI related to derivative contracts were not material and substantially all were charged to Cost of revenue in the Condensed Consolidated Statements of Operations.

**WESTERN DIGITAL CORPORATION**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

**Note 5. Fair Value Measurements and Investments**

The Company's total cash, cash equivalents and available-for-sale securities was as follows:

	<b>March 29, 2019</b>	<b>June 29, 2018</b>
	<i>(in millions)</i>	
Cash and cash equivalents	\$ 3,682	\$ 5,005
Short-term available-for-sale securities (included within Other current assets)	15	23
Long-term available-for-sale securities (included within Other non-current assets)	104	93
Total cash, cash equivalents and available-for-sale securities	<u>\$ 3,801</u>	<u>\$ 5,121</u>

*Financial Instruments Carried at Fair Value*

Financial assets and liabilities that are remeasured and reported at fair value at each reporting period are classified and disclosed in one of the following three levels:

*Level 1.* Quoted prices in active markets for identical assets or liabilities.

*Level 2.* Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

*Level 3.* Inputs that are unobservable for the asset or liability and that are significant to the fair value of the assets or liabilities.

**WESTERN DIGITAL CORPORATION**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

The following tables present information about the Company's financial assets and liabilities that are measured at fair value on a recurring basis as of March 29, 2019 and June 29, 2018, and indicate the fair value hierarchy of the valuation techniques utilized to determine such values:

	March 29, 2019			
	Level 1	Level 2	Level 3	Total
	<i>(in millions)</i>			
<b>Assets:</b>				
Cash equivalents:				
Money market funds	\$ 1,508	\$ —	\$ —	\$ 1,508
Certificates of deposit	—	6	—	6
<b>Total cash equivalents</b>	<b>1,508</b>	<b>6</b>	<b>—</b>	<b>1,514</b>
Short-term available-for-sale securities:				
Corporate notes and bonds	—	2	—	2
Asset-backed securities	—	6	—	6
Municipal notes and bonds	—	6	—	6
Equity securities	1	—	—	1
<b>Total short-term available-for-sale securities</b>	<b>1</b>	<b>14</b>	<b>—</b>	<b>15</b>
Long-term available-for-sale securities:				
U.S. Treasury securities	5	—	—	5
U.S. Government agency securities	—	4	—	4
International government securities	—	6	—	6
Corporate notes and bonds	—	75	—	75
Asset-backed securities	—	7	—	7
Municipal notes and bonds	—	7	—	7
<b>Total long-term available-for-sale securities</b>	<b>5</b>	<b>99</b>	<b>—</b>	<b>104</b>
Foreign exchange contracts	—	17	—	17
Interest rate swap contracts	—	8	—	8
<b>Total assets at fair value</b>	<b>\$ 1,514</b>	<b>\$ 144</b>	<b>\$ —</b>	<b>\$ 1,658</b>
<b>Liabilities:</b>				
Foreign exchange contracts	\$ —	\$ 15	\$ —	\$ 15
Interest rate swap contract	—	33	—	33
<b>Total liabilities at fair value</b>	<b>\$ —</b>	<b>\$ 48</b>	<b>\$ —</b>	<b>\$ 48</b>

**WESTERN DIGITAL CORPORATION**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

	June 29, 2018			
	Level 1	Level 2	Level 3	Total
	<i>(in millions)</i>			
<b>Assets:</b>				
Cash equivalents:				
Money market funds	\$ 2,554	\$ —	\$ —	\$ 2,554
Certificates of deposit	—	4	—	4
Total cash equivalents	2,554	4	—	2,558
Short-term available-for-sale securities:				
U.S. Treasury securities	3	—	—	3
Corporate notes and bonds	—	12	—	12
Asset-backed securities	—	4	—	4
Municipal notes and bonds	—	2	—	2
Equity securities	2	—	—	2
Total short-term available-for-sale securities	5	18	—	23
Long-term available-for-sale securities:				
U.S. Treasury securities	3	—	—	3
U.S. Government agency securities	—	5	—	5
International government securities	—	1	—	1
Corporate notes and bonds	—	65	—	65
Asset-backed securities	—	8	—	8
Municipal notes and bonds	—	11	—	11
Total long-term available-for-sale securities	3	90	—	93
Foreign exchange contracts	—	51	—	51
Interest rate swap contracts	—	16	—	16
Total assets at fair value	\$ 2,562	\$ 179	\$ —	\$ 2,741
<b>Liabilities:</b>				
Foreign exchange contracts	\$ —	\$ 28	\$ —	\$ 28
Total liabilities at fair value	\$ —	\$ 28	\$ —	\$ 28

During the three and nine months ended March 29, 2019, the Company had no transfers of financial assets and liabilities between levels.

*Available-for-Sale Securities*

The cost basis of the Company's investments classified as available-for-sale securities, individually and in the aggregate, approximated its fair value as of March 29, 2019 and June 29, 2018.

*Equity Securities Without a Readily Determinable Fair Value ("RDFV")*

From time to time, the Company enters into certain strategic investments for the promotion of business and strategic objectives. The equity securities of these privately-held companies do not have a RDFV. Under ASU 2016-01, these equity securities are now measured and recorded using the measurement alternative, which is cost minus impairment, if any, plus or minus changes resulting from qualifying observable price changes. In addition, the existing impairment model has been replaced with a new one-step qualitative impairment model. Adjustments resulting from impairments and qualifying observable price changes are recorded in Other income (expense), net in the Condensed Consolidated Statements of Operations. As of March 29, 2019 and June 30, 2018, these investments were not material.

**WESTERN DIGITAL CORPORATION**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

*Financial Instruments Not Carried at Fair Value*

The carrying value of the Company's revolving credit facility approximates its fair value given the revolving nature of the balance and the variable market interest rate. For financial instruments where the carrying value (which includes principal adjusted for any unamortized issuance costs, and discounts or premiums) differs from fair value (which is based on quoted market prices), the following table represents the related carrying value and fair value for each of the Company's outstanding financial instruments. Each of the financial instruments presented below was categorized as Level 2 for all periods presented, based on the frequency of trading immediately prior to the end of the third quarter of 2019 and the fourth quarter of 2018, respectively.

	March 29, 2019		June 29, 2018	
	Carrying Value	Fair Value	Carrying Value	Fair Value
	<i>(in millions)</i>			
0.50% convertible senior notes due 2020	\$ 32	\$ 34	\$ 31	\$ 34
Variable interest rate Term Loan A-1 maturing 2023	4,889	4,771	4,982	5,013
Variable interest rate U.S. Term Loan B-4 maturing 2023	2,430	2,381	2,448	2,452
1.50% convertible notes due 2024	952	970	931	1,114
4.750% senior unsecured notes due 2026	2,282	2,199	2,280	2,238
Total	\$ 10,585	\$ 10,355	\$ 10,672	\$ 10,851

**WESTERN DIGITAL CORPORATION**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

**Note 6. Derivative Instruments and Hedging Activities**

As of March 29, 2019, the Company had outstanding foreign exchange forward contracts that were designated as either cash flow hedges or non-designated hedges. Substantially all of the contract maturity dates of these foreign exchange forward contracts do not exceed 12 months. In addition, the Company had outstanding interest rate swaps that were designated as cash flow hedges. The Company did not have any foreign exchange forward contracts with credit-risk-related contingent features. As of March 29, 2019, the amount of existing net losses related to cash flow hedges recorded in AOCI was not material and the majority is expected to be reclassified to earnings over the next twelve months.

Changes in fair values of the non-designated foreign exchange contracts are recognized in Other income (expense), net and are largely offset by corresponding changes in the fair values of the foreign currency denominated monetary assets and liabilities. For each of the three and nine months ended March 29, 2019 and March 30, 2018, total net realized and unrealized transaction and foreign exchange contract currency gains and losses were not material to the Company's Condensed Consolidated Financial Statements.

See Note 5, *Fair Value Measurements and Investments*, for additional disclosures related to the fair value of the Company's foreign exchange forward contracts.

*Netting Arrangements*

Under certain provisions and conditions within agreements with counterparties to the Company's foreign exchange forward contracts, subject to applicable requirements, the Company has the right of offset associated with the Company's foreign exchange forward contracts and is allowed to net settle transactions of the same currency with a single net amount payable by one party to the other. As of March 29, 2019 and June 29, 2018, the effect of rights of offset was not material and the Company did not offset or net the fair value amounts of derivative instruments in its Condensed Consolidated Balance Sheets.

**WESTERN DIGITAL CORPORATION**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

**Note 7. Debt**

Debt consisted of the following as of March 29, 2019 and June 29, 2018:

	March 29, 2019	June 29, 2018
	<i>(in millions)</i>	
0.50% convertible senior notes due 2020	\$ 35	\$ 35
Revolving credit facility maturing 2023	—	500
Variable interest rate Term Loan A-1 maturing 2023	4,896	4,991
Variable interest rate U.S. Term Loan B-4 maturing 2023	2,431	2,449
1.50% convertible notes due 2024	1,100	1,100
4.750% senior unsecured notes due 2026	2,300	2,300
Total debt	10,762	11,375
Issuance costs and debt discounts	(177)	(203)
Subtotal	10,585	11,172
Less current portion of long-term debt	(276)	(179)
Long-term debt	\$ 10,309	\$ 10,993

In November 2018, the Company repaid the previously outstanding borrowings under its revolving credit facility. At March 29, 2019, the Company's borrowing capacity under the revolving credit facility was \$2.25 billion.

The credit agreement governing the Company's revolving credit facility and term loans (as amended, the "Credit Agreement") requires the Company to comply with certain financial covenants with respect to the revolving credit facility and Term Loan A-1, consisting of a Leverage Ratio and an Interest Coverage Ratio (each as defined below). These covenants are based upon a trailing twelve-month consolidated adjusted EBITDA as defined in the Credit Agreement ("Adjusted EBITDA"). Adjusted EBITDA is defined as net income (loss) plus interest expense, income tax expense (benefit) and depreciation and amortization as well as other contractual adjustments as provided for in the Credit Agreement. As of March 29, 2019, the Company was in compliance with all financial covenants under the Credit Agreement.

In April 2019, the Company amended the Credit Agreement for the purposes of providing additional flexibility by adjusting the leverage ratio maintenance covenant levels applicable to the term A loan and revolving facilities thereunder and amending the definition of Consolidated Adjusted EBITDA under the financial maintenance covenants to include an addback for certain depreciation related payments with respect to the Company's Flash Ventures. As amended, the Company is now required to maintain a maximum ratio of total funded debt to trailing twelve-month Adjusted EBITDA ("Leverage Ratio") at the end of each quarter of 4.25 to 1.00 through the quarter ending October 2, 2020, 4.00 to 1.00 through the quarter ending July 2, 2021, 3.75 to 1.00 through the quarter ending December 31, 2021, 3.50 to 1.00 through the quarter ending July 1, 2022, and 3.25 to 1.00 thereafter. In addition, the Company is required to maintain a minimum ratio of Adjusted EBITDA to interest expense ("Interest Coverage Ratio"), both calculated on a trailing twelve-month basis, at the end of each quarter of 3.50 to 1.00.

The Credit Agreement also requires the Company and its subsidiaries to comply with customary covenants that include, among others, limitations on the incurrence of additional debt, liens on property, acquisitions and investments, loans and guarantees, mergers, consolidations, liquidations and dissolutions, asset sales, dividends and other payments in respect of the Company's capital stock, prepayments of certain debt, transactions with affiliates and certain modifications of organizational documents and certain debt agreements. In addition, the indentures governing the Company's 2026 Senior Unsecured Notes and the 2024 Convertible Notes contain restrictive covenants that limit the Company's and its subsidiaries' ability to, among other things, consolidate, merge or sell all or substantially all of their assets; create liens; and incur, assume or guarantee additional indebtedness.

**WESTERN DIGITAL CORPORATION**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

**Note 8. Pension and Other Post-Retirement Benefit Plans**

The Company has pension and other post-retirement benefit plans in various countries. The Company's principal pension plans are in Japan. All pension and other post-retirement benefit plans outside of the Company's Japanese defined benefit pension plan (the "Japanese Plan") are immaterial to the Condensed Consolidated Financial Statements. The expected long-term rate of return on the Japanese Plan assets is 2.5%.

*Obligations and Funded Status*

The following table presents the unfunded status of the benefit obligations for the Japanese Plan:

	March 29, 2019	June 29, 2018
	<i>(in millions)</i>	
Benefit obligations	\$ 260	\$ 260
Fair value of plan assets	205	200
Unfunded status	<u>\$ 55</u>	<u>\$ 60</u>

The following table presents the unfunded amounts related to the Japanese Plan as recognized on the Company's Condensed Consolidated Balance Sheets:

	March 29, 2019	June 29, 2018
	<i>(in millions)</i>	
Current liabilities	\$ 1	\$ 1
Non-current liabilities	54	59
Net amount recognized	<u>\$ 55</u>	<u>\$ 60</u>

Net periodic benefit costs were not material for the three and nine months ended March 29, 2019.

**WESTERN DIGITAL CORPORATION**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

**Note 9. Commitments, Contingencies and Related Parties**

*Flash Ventures*

The Company's business ventures with Toshiba Memory Corporation ("TMC") consist of three separate legal entities: Flash Partners Ltd. ("Flash Partners"), Flash Alliance Ltd. ("Flash Alliance"), and Flash Forward Ltd. ("Flash Forward"), collectively referred to as "Flash Ventures".

The following table presents the notes receivable from, and equity investments in, Flash Ventures as of March 29, 2019 and June 29, 2018:

	<b>March 29, 2019</b>	<b>June 29, 2018</b>
	<i>(in millions)</i>	
Notes receivable, Flash Partners	\$ 620	\$ 767
Notes receivable, Flash Alliance	599	48
Notes receivable, Flash Forward	584	700
Investment in Flash Partners	194	191
Investment in Flash Alliance	287	283
Investment in Flash Forward	119	116
<b>Total notes receivable and investments in Flash Ventures</b>	<b>\$ 2,403</b>	<b>\$ 2,105</b>

During the three and nine months ended March 29, 2019, the Company made net payments to Flash Ventures of \$1.0 billion and \$2.9 billion, respectively, for purchased flash-based memory wafers and net loans and investments.

The Company makes, or will make, loans to Flash Ventures to fund equipment investments for new process technologies and additional wafer capacity. The Company aggregates its Flash Ventures' notes receivable into one class of financing receivables due to the similar ownership interest and common structure in each Flash Venture entity. For all reporting periods presented, no loans were past due and no loan impairments were recorded. The Company's notes receivable from each Flash Ventures entity, denominated in Japanese yen, are secured by equipment owned by that Flash Ventures entity.

The Company assesses financing receivable credit quality through financial and operational reviews of the borrower and creditworthiness, including credit rating agency ratings, of significant investors of the borrower, where material or known. There were no impairments in the three and nine months ended March 29, 2019 or March 30, 2018.

As of March 29, 2019 and June 29, 2018, the Company had accounts payable balances due to Flash Ventures of \$312 million and \$259 million, respectively.

The Company's maximum reasonably estimable loss exposure (excluding lost profits) as a result of its involvement with Flash Ventures, based upon the Japanese yen to U.S. dollar exchange rate at March 29, 2019, is presented below. Investments in Flash Ventures are denominated in Japanese yen, and the maximum estimable loss exposure excludes any cumulative translation adjustment due to revaluation from the Japanese yen to the U.S. dollar.

	<b>March 29, 2019</b>
Notes receivable	\$ 1,803
Equity investments	600
Operating lease guarantees	1,421
Inventory	274
<b>Maximum estimable loss exposure</b>	<b>\$ 4,098</b>

**WESTERN DIGITAL CORPORATION**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

The Company is committed to purchase its provided three-month forecast of Flash Ventures' flash-based wafer supply, which generally equals 50% of Flash Ventures' output. In addition, the Company is obligated to pay for half of Flash Ventures' fixed costs regardless of the output the Company chooses to purchase. The Company is not able to estimate its total wafer purchase commitment obligation beyond its rolling three-month purchase commitment because the price is determined by reference to the future cost of producing the semiconductor wafers. In addition, the Company is committed to fund 49.9% to 50.0% of each Flash Ventures entity's capital investments to the extent that each Flash Ventures entity's operating cash flow is insufficient to fund these investments.

Flash Ventures has historically operated near 100% of its manufacturing capacity. As a result of current supply/demand imbalance for flash-based products, the Company temporarily reduced its utilization of its share of Flash Ventures' manufacturing capacity to an abnormally low level to more closely align the Company's flash-based wafer supply with the projected demand. The Company incurred costs of \$148 million and \$197 million associated with the reduction in utilization which was recorded as a charge to cost of revenue in the three and nine months ended March 29, 2019, respectively.

*Off-Balance Sheet Liabilities*

Flash Ventures sells to and leases back from a consortium of financial institutions a portion of its tools and has entered into equipment lease agreements of which the Company guarantees half or all of the outstanding obligations under each lease agreement. The lease agreements contain customary covenants for Japanese lease facilities. In addition to containing customary events of default related to Flash Ventures that could result in an acceleration of Flash Ventures' obligations, the lease agreements contain acceleration clauses for certain events of default related to the guarantors, including the Company.

The following table presents the Company's portion of the remaining guarantee obligations under the Flash Ventures' lease facilities in both Japanese yen and U.S. dollar-equivalent, based upon the Japanese yen to U.S. dollar exchange rate as of March 29, 2019.

	Lease Amounts	
	(Japanese yen, in billions)	(U.S. dollar, in millions)
Total guarantee obligations	¥ 157	\$ 1,421

The following table details the breakdown of the Company's remaining guarantee obligations between the principal amortization and the purchase option exercise price at the end of the term of the Flash Ventures lease agreements, in annual installments as of March 29, 2019 in U.S. dollars, based upon the Japanese yen to U.S. dollar exchange rate as of March 29, 2019:

Annual Installments	Payment of Principal Amortization	Purchase Option Exercise Price at Final Lease Terms	Guarantee Amount
	(in millions)		
Remaining three months of 2019	\$ 106	\$ 9	\$ 115
2020	360	64	424
2021	271	106	377
2022	185	48	233
2023	81	28	109
Thereafter	45	118	163
<b>Total guarantee obligations</b>	<b>\$ 1,048</b>	<b>\$ 373</b>	<b>\$ 1,421</b>

The Company and TMC have agreed to mutually contribute to, and indemnify each other and Flash Ventures for, environmental remediation costs or liability resulting from Flash Ventures' manufacturing operations in certain circumstances. The Company has not made any indemnification payments, nor recorded any indemnification receivables, under any such agreements. As of March 29, 2019, no amounts have been accrued in the Condensed Consolidated Financial Statements with respect to these indemnification agreements.

**WESTERN DIGITAL CORPORATION**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

*Unis Venture*

The Company has a joint venture with Unisplendour Corporation Limited and Unisoft (Wuxi) Group Co. Ltd. (“Unis”), referred to as the “Unis Venture”, to market and sell the Company’s products in China and to develop data storage systems for the Chinese market in the future. The Unis Venture is 49% owned by the Company and 51% owned by Unis. The Company accounts for its investment in the Unis Venture under the equity method of accounting. Revenue on products distributed by the Unis Venture is recognized upon sell through to third-party customers. For the three and nine months ended March 29, 2019 and March 30, 2018, the Company recognized less than 1% of its consolidated revenue on products distributed by the Unis Venture. The outstanding accounts receivable due from and investment in the Unis Venture were not material to the Condensed Consolidated Financial Statements as of March 29, 2019 or June 29, 2018.

*Purchase Agreements*

In the normal course of business, the Company enters into purchase orders with suppliers for the purchase of components used to manufacture its products. These purchase orders generally cover forecasted component supplies needed for production during the next quarter, are recorded as a liability upon receipt of the components, and generally may be changed or canceled at any time prior to shipment of the components. The Company also enters into long-term purchase agreements with various component suppliers that carry fixed volumes and pricing, which obligates the Company to make certain future purchases, contingent on certain conditions of performance, quality and technology of the vendor’s components. As of March 29, 2019, the Company had the following minimum long-term purchase commitments:

Fiscal year	<b>Long-term purchase commitments</b>
	<i>(in millions)</i>
Remaining three months of 2019	\$ 15
2020	192
2021	208
2022	227
2023 and thereafter	250
Total	<u>\$ 892</u>

**WESTERN DIGITAL CORPORATION**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

**Note 10. Shareholders' Equity**
*Stock-based Compensation Expense*

The following tables present the Company's stock-based compensation for equity-settled awards by type and financial statement line as well as the related tax benefit included in the Company's Condensed Consolidated Statements of Operations:

	Three Months Ended		Nine Months Ended	
	March 29, 2019	March 30, 2018	March 29, 2019	March 30, 2018
	<i>(in millions)</i>			
Options	\$ 3	\$ 6	\$ 12	\$ 19
Restricted and performance stock units	71	89	208	260
Employee stock purchase plan	10	8	22	20
Subtotal	84	103	242	299
Tax benefit	(14)	(17)	(39)	(51)
Total	<u>\$ 70</u>	<u>\$ 86</u>	<u>\$ 203</u>	<u>\$ 248</u>

	Three Months Ended		Nine Months Ended	
	March 29, 2019	March 30, 2018	March 29, 2019	March 30, 2018
	<i>(in millions)</i>			
Cost of revenue	\$ 13	\$ 11	\$ 37	\$ 37
Research and development	41	45	122	134
Selling, general and administrative	30	46	83	127
Employee termination, asset impairment, and other charges	—	1	—	1
Subtotal	84	103	242	299
Tax benefit	(14)	(17)	(39)	(51)
Total	<u>\$ 70</u>	<u>\$ 86</u>	<u>\$ 203</u>	<u>\$ 248</u>

Compensation cost related to unvested stock options, restricted stock unit awards ("RSUs"), performance-based restricted stock unit awards ("PSUs"), and rights to purchase shares of common stock under the Company's Employee Stock Purchase Plan ("ESPP") will generally be amortized on a straight-line basis over the remaining average service period. The following table presents the unamortized compensation cost and weighted average service period of all unvested outstanding awards as of March 29, 2019:

	Unamortized Compensation Costs	Weighted Average Service Period
	<i>(in millions)</i>	<i>(years)</i>
Options	\$ 12	1.2
RSUs and PSUs <sup>(1)</sup>	577	2.5
ESPP	62	1.7
Total unamortized compensation cost	<u>\$ 651</u>	

<sup>(1)</sup> Weighted average service period assumes the performance metrics are met for the PSUs.

**WESTERN DIGITAL CORPORATION**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

**Plan Activities**
*Stock Options*

The following table summarizes stock option activity under the Company's incentive plans:

	Number of Shares <i>(in millions)</i>	Weighted Average Exercise Price Per Share	Weighted Average Remaining Contractual Life <i>(in years)</i>	Aggregate Intrinsic Value <i>(in millions)</i>
Options outstanding at June 29, 2018	4.8	\$ 64.23		
Exercised	(0.4)	39.11		\$ 7
Canceled or expired	(0.3)	80.18		
Options outstanding at March 29, 2019	4.1	\$ 65.07	3.1	\$ 9
Exercisable at March 29, 2019	3.2	\$ 69.46	2.8	\$ 7

*RSUs and PSUs*

The following table summarizes RSU and PSU activity under the Company's incentive plans:

	Number of Shares <i>(in millions)</i>	Weighted Average Grant Date Fair Value	Aggregate Intrinsic Value at Vest Date <i>(in millions)</i>
RSUs and PSUs outstanding at June 29, 2018	12.6	\$ 58.31	
Granted	6.9	56.01	
Vested	(6.0)	52.36	\$ 345
Forfeited	(1.1)	56.68	
RSUs and PSUs outstanding at March 29, 2019	12.4	\$ 62.63	

RSUs and PSUs are generally settled in an equal number of shares of the Company's common stock at the time of vesting of the units.

**Stock Repurchase Program**

The Company's Board of Directors previously authorized \$5.00 billion for the repurchase of the Company's common stock. On July 25, 2018, the Company's Board of Directors authorized a new \$5.00 billion share repurchase program that is effective through July 25, 2023, replacing all prior programs. For the three months ended March 29, 2019, the Company did not make any stock repurchases. For the nine months ended March 29, 2019, the Company repurchased 0.8 million shares for a total cost of \$61 million under the previous authorization and 7.6 million shares for a total cost of \$502 million under the new authorization. Therefore, the Company's stock repurchases under all stock repurchase authorizations in effect for the nine months ended March 29, 2019 totaled \$563 million. The remaining amount available to be repurchased under the Company's current stock repurchase program as of March 29, 2019 was \$4.50 billion. Repurchases under the stock repurchase program may be made in the open market or in privately negotiated transactions and may be made under a Rule 10b5-1 plan. The Company expects stock repurchases to be funded principally by operating cash flows.

**Dividends to Shareholders**

Since the first quarter of 2013, the Company has issued a quarterly cash dividend. During the nine months ended March 29, 2019, the Company declared aggregate cash dividends of \$1.50 per share on its outstanding common stock totaling \$436 million, including \$146 million that was paid on April 15, 2019.

**WESTERN DIGITAL CORPORATION**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

On May 2, 2019, the Board declared a cash dividend of \$0.50 per share to shareholders of record as of June 28, 2019, which will be paid on July 15, 2019. The Company may modify, suspend or cancel its cash dividend policy in any manner and at any time.

**WESTERN DIGITAL CORPORATION**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

**Note 11. Income Tax Expense (Benefit)**

The 2017 Act, enacted on December 22, 2017, includes a broad range of tax reform proposals affecting businesses, including a reduction in the U.S. federal corporate tax rate from 35% to 21%, a one-time mandatory deemed repatriation tax on earnings of certain foreign subsidiaries that were previously tax deferred and the creation of new taxes on certain foreign earnings.

When initially accounting for the tax effects of the enactment of the 2017 Act, the Company applied the applicable SEC guidance and made a reasonable estimate of the effects on the Company's existing deferred tax balances and the one-time mandatory deemed repatriation tax required by the 2017 Act. As the Company finalized the accounting for the tax effects of the enactment of the 2017 Act during the one-year measurement period permitted by applicable SEC guidance, the Company reflected adjustments to the recorded provisional amounts. During the second quarter of fiscal 2019, the Company completed its accounting for the tax effects of the enactment of the 2017 Act. Although the U.S. Treasury and the Internal Revenue Service ("IRS") have issued tax guidance on certain provisions of the 2017 Act since the enactment date, the Company anticipates the issuance of additional regulatory and interpretive guidance. Although the Company was able to apply a reasonable interpretation of the law along with any available guidance in finalizing its accounting for the tax effects of the 2017 Act, such additional regulatory or interpretive guidance would constitute new information which may require further refinements to its estimates in future periods.

Additional information regarding the significant provisions of the 2017 Act that impacted the Company is provided below.

*Re-measurement of deferred taxes*

The Company recorded a provisional income tax benefit of \$65 million for the year ended June 29, 2018, which related to the re-measurements of the Company's deferred tax balances and is based primarily on the rates at which the deferred tax assets and liabilities are expected to reverse in the current and future fiscal years, which are generally 29% and 22%, respectively. As of December 28, 2018, the Company had finalized the accounting for the tax effects related to the re-measurements of the Company's deferred tax balances with no material change for the six months ended December 28, 2018. During the three months ended March 29, 2019, the Company finalized the filing of its U.S. federal income tax return for the year ended June 29, 2018, which resulted in an additional income tax benefit of \$5 million for the re-measurement of the Company's deferred tax assets and liabilities that are expected to reverse at 22%.

*Mandatory deemed repatriation tax*

In connection with the transition from a global to a territorial U.S. tax system, companies are required to pay a mandatory deemed repatriation tax. For the year ended June 29, 2018, the Company recorded a provisional amount for the mandatory deemed repatriation tax liability of \$1.57 billion for foreign subsidiaries. The calculation of the mandatory deemed repatriation tax liability is based upon post-1986 earnings and profits. In addition, the mandatory deemed repatriation tax is based on the amount of foreign earnings held in cash and other specified assets, which are taxed at 15.5% and 8%, respectively, and is payable over an 8-year period.

The Company had finalized the accounting for the tax effects of the mandatory deemed repatriation tax during the one-year measurement period permitted by applicable SEC guidance. During the first quarter of fiscal 2019, the Company reduced its mandatory deemed repatriation tax liability by \$302 million, of which \$250 million was for the utilization of recorded deferred tax assets related to existing tax attributes. The utilization of the deferred tax assets was a reclassification that did not have an impact on the Company's income tax provision for the three months ended September 28, 2018. The remaining \$52 million reduction to the mandatory deemed repatriation tax primarily related to the Company's decision to no longer carry forward its 2018 operating loss and, instead, apply it against the mandatory deemed repatriation tax. The \$52 million benefit resulted from utilizing the existing fiscal year 2019 operating losses at a 28% tax rate on the Company's 2018 tax return as compared to the carryforward tax rate of 21%. The Company's estimate of the mandatory deemed repatriation tax liability after these refinements was \$1.26 billion.

**WESTERN DIGITAL CORPORATION**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

During the second quarter of fiscal 2019, the Company also finalized its post-1986 earnings and profits along with the amount of earnings held in cash and other specified assets and increased its mandatory deemed repatriation tax liability by \$95 million. The Company's estimate of the mandatory deemed repatriation tax liability after these refinements was \$1.36 billion, excluding a \$135 million increase in its liability for unrecognized tax benefits.

During the three months ended March 29, 2019, the Company finalized the filing of its U.S. federal income tax return for the year ended June 29, 2018, which resulted in a decrease to its mandatory repatriation tax liability by \$105 million, of which \$41 million related to the utilization of recorded deferred tax assets related to existing tax attributes. The utilization of the deferred tax assets resulted in an income tax benefit of \$19 million for the three months ended March 29, 2019 with the remaining amount being a reclassification that did not have an impact on the Company's income tax provision. The remaining \$64 million benefit related to the issuance by the IRS of final regulations on January 15, 2019 with respect to the mandatory deemed repatriation tax liability. These regulations favorably impacted certain positions previously taken with respect to amounts recorded in the Company's Consolidated Financial Statements. As of March 29, 2019, the Company's estimate of the mandatory deemed repatriation tax liability after these refinements was \$1.25 billion, excluding a \$146 million liability for unrecognized tax benefits, which increased by \$11 million from the second quarter.

During the one-year measurement period, the Company had evaluated the expected manner of recovery to determine whether or not to continue to assert indefinite reinvestment on a part or all the foreign undistributed earnings. This required the Company to re-evaluate its existing short and long-term capital allocation policies in light of the 2017 Act and calculate the tax cost that is incremental to the deemed repatriation tax of repatriating cash to the U.S. The provisional tax expense recorded by the Company as of June 28, 2018 was based upon an assumption that all of its foreign undistributed earnings are indefinitely reinvested.

During the second quarter of fiscal 2019, the Company had finalized the accounting for the tax effects of the mandatory deemed repatriation tax on its indefinite reinvestment assertion. As of the second quarter of fiscal 2019, the Company removed its permanent reinvestment assertion and intends to repatriate all of its foreign undistributed earnings. During the nine months ended March 29, 2019, the Company recorded a foreign income tax expense of \$279 million related to foreign withholding taxes partially offset by foreign tax credits of \$95 million. In addition, a state income tax expense of \$54 million was recorded, partially offset by a decrease to the Company's valuation allowance of \$45 million. Amounts related to federal taxes other than the repatriation tax were not material. The Company's decision to change its indefinite reinvestment assertion is based on interpretative guidance issued by the IRS to date related to the ordering and the taxation of a repatriation of the Company's foreign undistributed earnings.

*Deferred taxes on foreign earnings*

As a result of the shift to a territorial system for U.S. taxation, the new minimum tax on certain foreign earnings ("global intangible low-tax income") provision of the 2017 Act imposes a tax on foreign earnings and profits in excess of a deemed return on tangible assets of foreign subsidiaries. This provision is effective for tax years beginning on or after January 1, 2018, which for the Company is the fiscal year that began on June 30, 2018 (fiscal year 2019). During the one-year measurement period permitted by applicable SEC guidance, the Company evaluated its accounting policy regarding whether to make an election to account for the effects of this provision either as a component of future income tax expense in the period in which the tax arises or as a component of deferred taxes on the related investments. Accordingly, no deferred tax assets and liabilities were established for timing differences between foreign U.S. GAAP income and U.S. taxable income that would be expected to reverse under the new minimum tax in future years for the year ended June 28, 2018.

Subsequent to June 28, 2018, the Company made the election to account for the effects of the global intangible low-tax income provision as a component of future income tax expense in the period in which the tax arises. There was no change in the Company's accounting as a result of this election.

**WESTERN DIGITAL CORPORATION**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

The following table presents the Company's income tax expense and the effective tax rate, which includes the discrete effects of the finalization of the accounting for the tax effects of the enactment of the 2017 Act as discussed above:

	Three Months Ended		Nine Months Ended	
	March 29, 2019	March 30, 2018	March 29, 2019	March 30, 2018
	<i>(in millions)</i>			
Income (loss) before taxes	\$ (477)	\$ (128)	\$ 187	\$ 1,356
Income tax expense (benefit)	\$ 104	\$ (189)	\$ 744	\$ 1,437
Effective tax rate	(22)%	148%	398%	106%

The primary driver of the difference between the effective tax rate for the three and nine months ended March 29, 2019 and the U.S. Federal statutory rate of 21% is the discrete effect of the finalization of the accounting for the tax effects of the enactment of the 2017 Act. For the three months ended March 29, 2019, these discrete effects consist of income tax benefits of \$71 million related to the mandatory deemed repatriation tax. For the nine months ended March 29, 2019, these discrete effects consist of \$107 million related to the mandatory deemed repatriation tax and \$152 million related to the Company's decision to change its indefinite reinvestment assertion. For both periods, the remaining difference is attributable primarily to an increase in the estimated effective tax rate due to changes in the relative mix of earnings by jurisdiction, partially offset by credits and tax holidays. The net windfall tax benefits related to vesting and exercises of stock-based awards were not material for the three and nine months ended March 29, 2019.

The primary drivers for the difference between the effective tax rate for the three months ended March 30, 2018 and the U.S. Federal statutory rate of 28% included discrete effects consisting of an income tax benefit of \$211 million from deductible make-whole premiums and the write-off of unamortized issuance costs from the Company's debt financing transactions. The primary drivers for the difference between the effective tax rate for the nine months ended March 30, 2018 and the U.S. Federal statutory rate of 28% were related to the net charge of \$1.66 billion for the one-time mandatory deemed repatriation tax, offset in part by an income tax benefit related to the re-measurement of deferred taxes as required by the 2017 Act and deductible make-whole premiums and the write-off of unamortized issuance costs from the Company's debt financing transactions. The primary drivers for the remaining difference between the effective tax rate for the three and nine months ended March 30, 2018 and the U.S. Federal statutory rate of 28% were tax credits and tax holidays in Malaysia, Philippines, Singapore and Thailand that expired or expire at various dates during fiscal years 2018 through 2030 and net windfall tax benefits related to vesting and exercises of stock-based awards of \$46 million and \$73 million for the three and nine months ended March 30, 2018, respectively.

During the nine months ended March 29, 2019, the Company recorded an increase of \$157 million in its liability for unrecognized tax benefits (excluding accrued interest and penalties). As of March 29, 2019, the Company's liability for unrecognized tax benefits (excluding accrued interest and penalties) was approximately \$708 million. Accrued interest and penalties related to unrecognized tax benefits as of March 29, 2019 was \$120 million.

**WESTERN DIGITAL CORPORATION**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

The Internal Revenue Service (“IRS”) previously completed its field examination of the Company’s federal income tax returns for fiscal years 2008 through 2012 and proposed certain adjustments. As previously disclosed, the Company received Revenue Agent Reports from the IRS for fiscal years 2008 through 2009, proposing adjustments relating to transfer pricing with the Company’s foreign subsidiaries and intercompany payable balances. The Company disagrees with the proposed adjustments and in September 2015, filed a protest with the IRS Appeals Office and received the IRS rebuttal in July 2016. The Company and the IRS Appeals Office did not reach a settlement on the disputed matters. On June 28, 2018, the IRS issued a statutory notice of deficiency with respect to the disputed matters for fiscal years 2008 through 2009, seeking to increase the Company’s U.S. taxable income by an amount that would result in additional federal tax through fiscal year 2009 totaling approximately \$516 million, subject to interest. The Company filed a petition with the U.S. Tax Court in September 2018. On December 10, 2018, the IRS issued a statutory notice of deficiency with respect to fiscal years 2010 through 2012, seeking to increase the Company’s U.S. taxable income by an amount that would result in additional federal tax for fiscal years 2010 through 2012 totaling approximately \$549 million, subject to interest. Approximately \$535 million of the total additional federal tax for fiscal years 2010 through 2012 relates to proposed adjustments for transfer pricing with the Company’s foreign subsidiaries, intercompany payable balances and the utilization of certain tax attributes. The Company filed a petition with the U.S. Tax Court in March 2019. The Company believes that its tax positions are properly supported and will vigorously contest the position taken by the IRS.

The Company believes that adequate provision has been made for any adjustments that may result from tax examinations. However, the outcome of tax examinations cannot be predicted with certainty. If any issues addressed in the Company’s tax examinations are resolved in a manner not consistent with management’s expectations, the Company could be required to adjust its provision for income taxes in the period such resolution occurs. As of March 29, 2019, it was not possible to estimate the amount of change, if any, in the unrecognized tax benefits that is reasonably possible within the next twelve months. Any significant change in the amount of the Company’s liability for unrecognized tax benefits would most likely result from additional information or settlements relating to the examination of the Company’s tax returns.

**WESTERN DIGITAL CORPORATION**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

**Note 12. Net Income (Loss) Per Common Share**

The following table presents the computation of basic and diluted income (loss) per common share:

	Three Months Ended		Nine Months Ended	
	March 29, 2019	March 30, 2018	March 29, 2019	March 30, 2018
	<i>(in millions, except per share data)</i>			
Net income (loss)	\$ (581)	\$ 61	\$ (557)	\$ (81)
Weighted average shares outstanding:				
Basic	292	298	291	296
Employee stock options, RSUs, PSUs and ESPP	—	10	—	—
Diluted	292	308	291	296
Income (loss) per common share				
Basic	\$ (1.99)	\$ 0.20	\$ (1.91)	\$ (0.27)
Diluted	\$ (1.99)	\$ 0.20	\$ (1.91)	\$ (0.27)

The Company computes basic income (loss) per common share using net income (loss) and the weighted average number of common shares outstanding during the period. Diluted income (loss) per common share is computed using net income (loss) and the weighted average number of common shares and potentially dilutive common shares outstanding during the period. Potentially dilutive common shares include dilutive outstanding employee stock options, RSUs and PSUs, and rights to purchase shares of common stock under the Company's ESPP. For the three months ended March 30, 2018, the Company excluded 2 million common shares subject to outstanding equity awards from the calculation of diluted shares because their impact would have been anti-dilutive based on the Company's average stock price during the period. For the three and nine months ended March 29, 2019 and the nine months ended March 30, 2018, the Company reported a net loss, and all outstanding equity awards have been excluded from such periods because including them would be anti-dilutive. See Note 10, *Shareholders' Equity*.

**WESTERN DIGITAL CORPORATION**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

**Note 13. Employee Termination, Asset Impairment and Other Charges**

The Company recorded the following charges related to employee terminations benefits, asset impairment, and other charges:

	Three Months Ended		Nine Months Ended	
	March 29, 2019	March 30, 2018	March 29, 2019	March 30, 2018
	<i>(in millions)</i>			
<b>Employee termination and other charges:</b>				
Restructuring Plan 2016	\$ —	\$ 10	\$ —	\$ 87
Closure of Foreign Manufacturing Facilities	5	—	16	—
Business Realignment	71	8	126	31
<b>Total employee termination and other charges</b>	<b>76</b>	<b>18</b>	<b>142</b>	<b>118</b>
<b>Stock-based compensation accelerations and adjustments:</b>				
Business Realignment	—	1	—	1
<b>Total stock-based compensation accelerations and adjustments</b>	<b>—</b>	<b>1</b>	<b>—</b>	<b>1</b>
<b>Asset impairment:</b>				
Restructuring Plan 2016	—	16	—	16
<b>Total asset impairment</b>	<b>—</b>	<b>16</b>	<b>—</b>	<b>16</b>
<b>Total employee termination and other charges, and stock-based compensation accelerations and adjustments</b>	<b>\$ 76</b>	<b>\$ 35</b>	<b>\$ 142</b>	<b>\$ 135</b>

*Closure of Foreign Manufacturing Facilities*

In July 2018, the Company announced the closing of its HDD manufacturing facility in Kuala Lumpur, Malaysia, in order to reduce its manufacturing costs and consolidate HDD operations into Thailand. The Company currently expects the closure to be substantially completed by the fourth quarter of fiscal 2019 and to result in total pre-tax charges of approximately \$110 million. These charges are expected to consist of approximately \$70 million in employee termination benefits and \$40 million in asset-related, contract termination and other charges, of which \$56 million were recognized in the year ended June 29, 2018. During the nine months ended March 29, 2019, the Company recognized an additional \$7 million in employee termination benefits and \$9 million in asset-related, contract termination and other charges.

The following table presents an analysis of the components of the restructuring charges, payments and adjustments made against the reserve during the nine months ended March 29, 2019:

	Employee Termination Benefits	Contract Termination and Other	Total
	<i>(in millions)</i>		
Accrual balance at June 29, 2018	\$ 56	\$ —	\$ 56
Charges	7	9	16
Cash payments	(6)	(7)	(13)
Accrual balance at March 29, 2019	<b>\$ 57</b>	<b>\$ 2</b>	<b>\$ 59</b>

**WESTERN DIGITAL CORPORATION**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

*Business Realignment*

The Company periodically incurs charges as part of the integration process of recent acquisitions and to realign its operations with anticipated market demand. The following table presents an analysis of the components of the activity against the reserve during the nine months ended March 29, 2019:

	<b>Employee Termination Benefits</b>	<b>Contract Termination and Other</b>	<b>Total</b>
	<i>(in millions)</i>		
Accrual balance at June 29, 2018	\$ 36	\$ 7	\$ 43
Charges	117	9	126
Cash payments	(76)	(8)	(84)
Accrual balance at March 29, 2019	<u>\$ 77</u>	<u>\$ 8</u>	<u>\$ 85</u>

**WESTERN DIGITAL CORPORATION**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

**Note 14. Legal Proceedings**

Unless otherwise stated below, for each of the matters described below, the Company has either recorded an accrual for losses that are probable and reasonably estimable or has determined that, while a loss is reasonably possible (including potential losses in excess of the amounts accrued by the Company), a reasonable estimate of the amount of loss or range of possible losses with respect to the claim or in excess of amounts already accrued by the Company cannot be made. The ability to predict the ultimate outcome of such matters involves judgments, estimates and inherent uncertainties. The actual outcome of such matters could differ materially from management's estimates.

Solely for purposes of this note, "WD" refers to Western Digital Corporation or one or more of its subsidiaries excluding HGST prior to the closing of the Company's acquisition of HGST on March 8, 2012 (the "HGST Closing Date") and SanDisk prior to the Company's acquisition of SanDisk on May 12, 2016 (the "SanDisk Closing Date"); "HGST" refers to Hitachi Global Storage Technologies Holdings Pte. Ltd. or one or more of its subsidiaries as of the HGST Closing Date; "SanDisk" refers to SanDisk Corporation or one or more of its subsidiaries as of the SanDisk Closing Date; and "the Company" refers to Western Digital Corporation and all of its subsidiaries on a consolidated basis including HGST and SanDisk.

*Intellectual Property Litigation*

In May 2016, Lambeth Magnetic Structures, LLC ("Lambeth") filed a complaint with the U.S. District Court for the Western District of Pennsylvania against WD and certain of its subsidiaries alleging infringement of U.S. Patent No. 7,128,988. The complaint seeks unspecified monetary damages and injunctive relief. The '988 patent, entitled "Magnetic Material Structures, Devices and Methods," allegedly relates to a magnetic material structure for hard disk drive devices. The Company intends to defend itself vigorously in this matter.

*Securities*

Beginning in March 2015, SanDisk and two of its officers, Sanjay Mehrotra and Judy Bruner, were named in three putative class action lawsuits filed with the U.S. District Court for the Northern District of California. Two complaints are brought on behalf of a purported class of purchasers of SanDisk's securities between October 2014 and March 2015, and one is brought on behalf of a purported class of purchasers of SanDisk's securities between April 2014 and April 2015. The complaints generally allege violations of federal securities laws arising out of alleged misstatements or omissions by the defendants during the alleged class periods. The complaints seek, among other things, damages and fees and costs. In July 2015, the District Court consolidated the cases and appointed Union Asset Management Holding AG and KBC Asset Management NV as lead plaintiffs. The lead plaintiffs filed an amended complaint in August 2015. In January 2016, the District Court granted the defendants' motion to dismiss and dismissed the amended complaint with leave to amend. In February 2016, the District Court issued an order appointing as new lead plaintiffs Bristol Pension Fund; City of Milford, Connecticut Pension & Retirement Board; Pavers and Road Builders Pension, Annuity and Welfare Funds; the Newport News Employees' Retirement Fund; and Massachusetts Laborers' Pension Fund (collectively, the "Institutional Investor Group"). In March 2016, the Institutional Investor Group filed an amended complaint. In June 2016, the District Court granted the defendants' motion to dismiss and dismissed the amended complaint with leave to amend. In July 2016, the Institutional Investor Group filed a further amended complaint. In June 2017, the District Court denied the defendants' motion to dismiss. In September 2018, the District Court granted the Institutional Investor Group's motion to certify a class of all persons and entities who purchased or otherwise acquired SanDisk's publicly traded common stock between October 2014 and April 2015, excluding those who purchased or otherwise acquired SanDisk's publicly traded common stock during the class period but who sold their stock prior to the first corrective disclosure in March 2015. The Institutional Investor Group alleges artificial inflation in the price of SanDisk's publicly traded common stock of \$9.04 per share from October 16, 2014 through March 25, 2015, \$2.26 per share on March 26, 2015, and \$1.35 per share from March 27, 2015 through April 15, 2015. In March 2019, the parties reached a settlement of all claims in this matter, subject to formal ratification by party representatives and approval by the court, and a hearing on the parties' motion for preliminary approval is set for May 16, 2019. The charge related to the settlement was recorded in Selling, general and administrative expense.

*Tax*

For disclosures regarding statutory notices of deficiency issued by the IRS on June 28, 2018 and December 10, 2018, and petitions filed by the Company with the U.S. Tax Court in September 2018 and March 2019, see Note 11, *Income Tax Expense*.

**WESTERN DIGITAL CORPORATION**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

*Other Matters*

In the normal course of business, the Company is subject to other legal proceedings, lawsuits and other claims. Although the ultimate aggregate amount of probable monetary liability or financial impact with respect to these other matters is subject to many uncertainties, management believes that any monetary liability or financial impact to the Company from these other matters, individually and in the aggregate, would not be material to the Company's financial condition, results of operations or cash flows. However, any monetary liability and financial impact to the Company from these other matters could differ materially from the Company's expectations.

**WESTERN DIGITAL CORPORATION**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

**Note 15. Separate Financial Information of Guarantor Subsidiaries**

The Company's senior unsecured notes due 2026 (the "2026 Senior Unsecured Notes") are fully and unconditionally guaranteed, jointly and severally, on a senior unsecured basis, subject to certain customary guarantor release conditions, by certain 100% owned material domestic subsidiaries of the Company (or the "Guarantor Subsidiaries"). The guarantee by a Guarantor Subsidiary will be released in the event of (i) the release of a Guarantor Subsidiary from its guarantee of indebtedness under the credit agreement or other indebtedness that would have required the Guarantor Subsidiary to guarantee the 2026 Senior Unsecured Notes, (ii) the sale, issuance or other disposition of capital stock of a Guarantor Subsidiary such that it is no longer a restricted subsidiary under the indenture governing the 2026 Senior Unsecured Notes, (iii) the sale of all or substantially all of a Guarantor Subsidiary's assets, (iv) the Company's exercise of its defeasance options under the indenture governing the 2026 Senior Unsecured Notes, (v) the dissolution or liquidation of a Guarantor Subsidiary or (vi) the sale of all the equity interest in a Guarantor Subsidiary. The Company's other domestic subsidiaries and its foreign subsidiaries (collectively, the "Non-Guarantor Subsidiaries") do not guarantee the 2026 Senior Unsecured Notes. The following condensed consolidating financial information reflects the summarized financial information of Western Digital Corporation ("Parent"), the Guarantor Subsidiaries on a combined basis, and the Non-Guarantor Subsidiaries on a combined basis.

**WESTERN DIGITAL CORPORATION**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

**Condensed Consolidating Balance Sheet**  
**As of March 29, 2019**

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Total Company
	<i>(in millions)</i>				
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	\$ 9	\$ 1,019	\$ 2,654	\$ —	\$ 3,682
Accounts receivable, net	—	645	578	—	1,223
Intercompany receivables	2,602	5,564	1,924	(10,090)	—
Inventories	—	1,115	2,517	(192)	3,440
Loans due from consolidated affiliates	—	—	50	(50)	—
Other current assets	11	273	273	—	557
Total current assets	<u>2,622</u>	<u>8,616</u>	<u>7,996</u>	<u>(10,332)</u>	<u>8,902</u>
Property, plant and equipment, net	—	1,038	1,993	—	3,031
Notes receivable and investments in Flash Ventures	—	—	2,403	—	2,403
Goodwill	—	388	9,687	—	10,075
Other intangible assets, net	—	27	1,891	—	1,918
Investments in consolidated subsidiaries	20,540	16,822	—	(37,362)	—
Loans due from consolidated affiliates	—	557	—	(557)	—
Other non-current assets	56	49	479	—	584
Total assets	<u>\$ 23,218</u>	<u>\$ 27,497</u>	<u>\$ 24,449</u>	<u>\$ (48,251)</u>	<u>\$ 26,913</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
Current liabilities:					
Accounts payable	\$ —	\$ 216	\$ 1,361	\$ —	\$ 1,577
Accounts payable to related parties	—	—	312	—	312
Intercompany payables	1,704	3,969	4,417	(10,090)	—
Accrued expenses	169	614	862	—	1,645
Accrued compensation	—	264	138	—	402
Loans due to consolidated affiliates	—	50	—	(50)	—
Current portion of long-term debt	276	—	—	—	276
Total current liabilities	<u>2,149</u>	<u>5,113</u>	<u>7,090</u>	<u>(10,140)</u>	<u>4,212</u>
Long-term debt	10,277	—	32	—	10,309
Loans due to consolidated affiliates	541	—	16	(557)	—
Other liabilities	37	1,684	457	—	2,178
Total liabilities	<u>13,004</u>	<u>6,797</u>	<u>7,595</u>	<u>(10,697)</u>	<u>16,699</u>
Total shareholders' equity	<u>10,214</u>	<u>20,700</u>	<u>16,854</u>	<u>(37,554)</u>	<u>10,214</u>
Total liabilities and shareholders' equity	<u>\$ 23,218</u>	<u>\$ 27,497</u>	<u>\$ 24,449</u>	<u>\$ (48,251)</u>	<u>\$ 26,913</u>

**WESTERN DIGITAL CORPORATION**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

**Condensed Consolidating Balance Sheet**  
**As of June 29, 2018**

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Total Company
	<i>(in millions)</i>				
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	\$ 40	\$ 668	\$ 4,297	\$ —	\$ 5,005
Accounts receivable, net	—	1,358	839	—	2,197
Intercompany receivables	1,903	4,256	2,674	(8,833)	—
Inventories	—	990	2,159	(205)	2,944
Other current assets	20	195	277	—	492
Total current assets	1,963	7,467	10,246	(9,038)	10,638
Property, plant and equipment, net	—	1,092	2,003	—	3,095
Notes receivable and investments in Flash Ventures	—	—	2,105	—	2,105
Goodwill	—	387	9,688	—	10,075
Other intangible assets, net	—	38	2,642	—	2,680
Investments in consolidated subsidiaries	20,847	19,893	—	(40,740)	—
Loans due from consolidated affiliates	943	16	—	(959)	—
Other non-current assets	182	29	431	—	642
Total assets	\$ 23,935	\$ 28,922	\$ 27,115	\$ (50,737)	\$ 29,235
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
Current liabilities:					
Accounts payable	\$ —	\$ 279	\$ 1,986	\$ —	\$ 2,265
Accounts payable to related parties	—	—	259	—	259
Intercompany payables	1,066	4,648	3,119	(8,833)	—
Accrued expenses	198	505	571	—	1,274
Accrued compensation	—	297	182	—	479
Current portion of long-term debt	179	—	—	—	179
Total current liabilities	1,443	5,729	6,117	(8,833)	4,456
Long-term debt	10,962	—	31	—	10,993
Loans due to consolidated affiliates	—	427	532	(959)	—
Other liabilities	(1)	1,768	488	—	2,255
Total liabilities	12,404	7,924	7,168	(9,792)	17,704
Total shareholders' equity	11,531	20,998	19,947	(40,945)	11,531
Total liabilities and shareholders' equity	\$ 23,935	\$ 28,922	\$ 27,115	\$ (50,737)	\$ 29,235

**WESTERN DIGITAL CORPORATION**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

**Condensed Consolidating Statement of Operations**  
**For the three months ended March 29, 2019**

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Total Company
	<i>(in millions)</i>				
Revenue, net	\$ —	\$ 3,054	\$ 3,817	\$ (3,197)	\$ 3,674
Cost of revenue	—	2,655	3,667	(3,227)	3,095
Gross profit	—	399	150	30	579
Operating expenses:					
Research and development	—	359	185	—	544
Selling, general and administrative	1	199	153	—	353
Intercompany operating expense (income)	—	(394)	394	—	—
Employee termination, asset impairment, and other charges	—	42	34	—	76
Total operating expenses	1	206	766	—	973
Operating income (loss)	(1)	193	(616)	30	(394)
Interest and other income (expense):					
Interest income	—	5	11	(3)	13
Interest expense	(119)	(1)	(1)	3	(118)
Other income, net	—	—	22	—	22
Total interest and other income (expense), net	(119)	4	32	—	(83)
Income (loss) before taxes	(120)	197	(584)	30	(477)
Equity in earnings from subsidiaries	(558)	(732)	—	1,290	—
Income tax expense (benefit)	(97)	52	149	—	104
Net loss	\$ (581)	\$ (587)	\$ (733)	\$ 1,320	\$ (581)

**WESTERN DIGITAL CORPORATION**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

**Condensed Consolidating Statement of Operations**  
**For the nine months ended March 29, 2019**

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Total Company
	<i>(in millions)</i>				
Revenue, net	\$ —	\$ 9,931	\$ 13,670	\$ (10,666)	\$ 12,935
Cost of revenue	—	8,602	11,706	(10,660)	9,648
Gross profit	—	1,329	1,964	(6)	3,287
Operating expenses:					
Research and development	—	1,056	603	—	1,659
Selling, general and administrative	2	664	352	—	1,018
Intercompany operating expense (income)	—	(1,148)	1,148	—	—
Employee termination, asset impairment, and other charges	—	80	62	—	142
Total operating expenses	2	652	2,165	—	2,819
Operating income (loss)	(2)	677	(201)	(6)	468
Interest and other income (expense):					
Interest income	10	12	35	(14)	43
Interest expense	(353)	(9)	(4)	14	(352)
Other income (expense), net	1	(2)	29	—	28
Total interest and other income (expense), net	(342)	1	60	—	(281)
Income (loss) before taxes	(344)	678	(141)	(6)	187
Equity in earnings from subsidiaries	(551)	(520)	—	1,071	—
Income tax expense (benefit)	(338)	702	380	—	744
Net loss	\$ (557)	\$ (544)	\$ (521)	\$ 1,065	\$ (557)

**WESTERN DIGITAL CORPORATION**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

**Condensed Consolidating Statement of Operations**  
**For the three months ended March 30, 2018**

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Total Company
	<i>(in millions)</i>				
Revenue, net	\$ —	\$ 3,685	\$ 4,924	\$ (3,596)	\$ 5,013
Cost of revenue	—	3,209	3,499	(3,622)	3,086
Gross profit	—	476	1,425	26	1,927
Operating expenses:					
Research and development	—	361	241	—	602
Selling, general and administrative	3	264	109	—	376
Intercompany operating expense (income)	(12)	(391)	403	—	—
Employee termination, asset impairment, and other charges	1	9	25	—	35
Total operating expenses	(8)	243	778	—	1,013
Operating income	8	233	647	26	914
Interest and other income (expense):					
Interest income	42	2	12	(40)	16
Interest expense	(160)	(5)	(35)	40	(160)
Other expense, net	(894)	(7)	(7)	10	(898)
Total interest and other expense, net	(1,012)	(10)	(30)	10	(1,042)
Income (loss) before taxes	(1,004)	223	617	36	(128)
Equity in earnings from subsidiaries	837	562	—	(1,399)	—
Income tax expense (benefit)	(228)	22	17	—	(189)
Net income	\$ 61	\$ 763	\$ 600	\$ (1,363)	\$ 61

**WESTERN DIGITAL CORPORATION**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

**Condensed Consolidating Statement of Operations**  
**For the nine months ended March 30, 2018**

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Total Company
	<i>(in millions)</i>				
Revenue, net	\$ —	\$ 11,159	\$ 15,178	\$ (10,807)	\$ 15,530
Cost of revenue	—	9,665	10,849	(10,837)	9,677
Gross profit	—	1,494	4,329	30	5,853
Operating expenses:					
Research and development	—	1,142	681	—	1,823
Selling, general and administrative	6	798	317	—	1,121
Intercompany operating expense (income)	(12)	(1,221)	1,233	—	—
Employee termination, asset impairment, and other charges	1	30	104	—	135
Total operating expenses	(5)	749	2,335	—	3,079
Operating income	5	745	1,994	30	2,774
Interest and other income (expense):					
Interest income	189	6	38	(187)	46
Interest expense	(561)	(15)	(173)	187	(562)
Other income (expense), net	(902)	—	(10)	10	(902)
Total interest and other expense, net	(1,274)	(9)	(145)	10	(1,418)
Income (loss) before taxes	(1,269)	736	1,849	40	1,356
Equity in earnings from subsidiaries	869	1,747	—	(2,616)	—
Income tax expense (benefit)	(319)	1,677	79	—	1,437
Net income (loss)	\$ (81)	\$ 806	\$ 1,770	\$ (2,576)	\$ (81)

**WESTERN DIGITAL CORPORATION**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

**Condensed Consolidating Statement of Comprehensive Income (Loss)**  
**For the three months ended March 29, 2019**

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Total Company
	<i>(in millions)</i>				
Net loss	\$ (581)	\$ (587)	\$ (733)	\$ 1,320	\$ (581)
Other comprehensive income (loss), before tax:					
Actuarial pension gain	—	—	—	—	—
Foreign currency translation adjustment	(2)	(2)	(2)	4	(2)
Net unrealized gain (loss), on derivative contracts and available-for-sale securities	(24)	1	1	(2)	(24)
Total other comprehensive income (loss), before tax	(26)	(1)	(1)	2	(26)
Income tax benefit (expense) related to items of other comprehensive income (loss)	5	—	—	1	6
Other comprehensive income (loss), net of tax	(21)	(1)	(1)	3	(20)
Total comprehensive loss	<u>\$ (602)</u>	<u>\$ (588)</u>	<u>\$ (734)</u>	<u>\$ 1,323</u>	<u>\$ (601)</u>

**Condensed Consolidating Statement of Comprehensive Income (Loss)**  
**For the nine months ended March 29, 2019**

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Total Company
	<i>(in millions)</i>				
Net loss	\$ (557)	\$ (544)	\$ (521)	\$ 1,065	\$ (557)
Other comprehensive income (loss), before tax:					
Actuarial pension gain	1	1	1	(2)	1
Foreign currency translation adjustment	(8)	(4)	(4)	8	(8)
Net unrealized gain (loss), on derivative contracts and available-for-sale securities	(18)	23	21	(44)	(18)
Total other comprehensive income (loss), before tax	(25)	20	18	(38)	(25)
Income tax benefit (expense) related to items of other comprehensive income (loss)	9	(2)	(1)	3	9
Other comprehensive income (loss), net of tax	(16)	18	17	(35)	(16)
Total comprehensive loss	<u>\$ (573)</u>	<u>\$ (526)</u>	<u>\$ (504)</u>	<u>\$ 1,030</u>	<u>\$ (573)</u>

**WESTERN DIGITAL CORPORATION**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

**Condensed Consolidating Statement of Comprehensive Income (Loss)**  
**For the three months ended March 30, 2018**

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Total Company
	<i>(in millions)</i>				
Net income	\$ 61	\$ 763	\$ 600	\$ (1,363)	\$ 61
Other comprehensive income, before tax:					
Actuarial pension gain	1	1	1	(2)	1
Foreign currency translation adjustment	76	75	75	(150)	76
Net unrealized gain on derivative contracts and available-for-sale securities	18	10	11	(21)	18
Total other comprehensive income, before tax	95	86	87	(173)	95
Income tax expense related to items of other comprehensive income	(3)	(2)	(3)	5	(3)
Other comprehensive income, net of tax	92	84	84	(168)	92
Total comprehensive income	\$ 153	\$ 847	\$ 684	\$ (1,531)	\$ 153

**Condensed Consolidating Statement of Comprehensive Income (Loss)**  
**For the nine months ended March 30, 2018**

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Total Company
	<i>(in millions)</i>				
Net income (loss)	\$ (81)	\$ 806	\$ 1,770	\$ (2,576)	\$ (81)
Other comprehensive income, before tax:					
Actuarial pension gain	1	1	1	(2)	1
Foreign currency translation adjustment	78	76	76	(152)	78
Net unrealized gain on derivative contracts and available-for-sale securities	31	15	16	(31)	31
Total other comprehensive income, before tax	110	92	93	(185)	110
Income tax expense related to items of other comprehensive income	(6)	(2)	(4)	6	(6)
Other comprehensive income, net of tax	104	90	89	(179)	104
Total comprehensive income	\$ 23	\$ 896	\$ 1,859	\$ (2,755)	\$ 23

**WESTERN DIGITAL CORPORATION**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

**Condensed Consolidating Statement of Cash Flows**  
**For the nine months ended March 29, 2019**

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Total Company
	<i>(in millions)</i>				
<b>Cash flows from operating activities</b>					
Net cash provided by (used in) operating activities	\$ 87	\$ (1,115)	\$ 2,461	\$ (55)	\$ 1,378
<b>Cash flows from investing activities</b>					
Purchases of property, plant and equipment	—	(198)	(524)	—	(722)
Proceeds from the sale of property, plant and equipment	—	—	3	—	3
Purchases of investments	—	(11)	(58)	—	(69)
Proceeds from sale of investments	—	—	49	—	49
Proceeds from maturities of investments	—	—	7	—	7
Notes receivable issuances to Flash Ventures	—	—	(858)	—	(858)
Notes receivable proceeds from Flash Ventures	—	—	570	—	570
Strategic investments and other, net	—	1	(23)	—	(22)
Intercompany loan from (to) consolidated affiliates	943	(541)	—	(402)	—
Advances from (to) parent and consolidated affiliates	(243)	243	—	—	—
Net cash provided by (used in) investing activities	700	(506)	(834)	(402)	(1,042)
<b>Cash flows from financing activities</b>					
Issuance of stock under employee stock plans	66	—	—	—	66
Taxes paid on vested stock awards under employee stock plans	(109)	—	—	—	(109)
Repurchases of common stock	(563)	—	—	—	(563)
Repayment of revolving credit facility	—	—	—	—	—
Dividends paid to shareholders	(438)	—	—	—	(438)
Repayment of debt	(113)	—	—	—	(113)
Proceeds from (repayment of) revolving credit facility	(500)	—	—	—	(500)
Intercompany loan from (to) consolidated affiliates	541	(377)	(566)	402	—
Change in investment in consolidated subsidiaries	298	2,349	(2,702)	55	—
Net cash provided by (used in) financing activities	(818)	1,972	(3,268)	457	(1,657)
Effect of exchange rate changes on cash	—	—	(2)	—	(2)
Net increase (decrease) in cash and cash equivalents	(31)	351	(1,643)	—	(1,323)
Cash and cash equivalents, beginning of year	40	668	4,297	—	5,005
Cash and cash equivalents, end of period	\$ 9	\$ 1,019	\$ 2,654	\$ —	\$ 3,682

**WESTERN DIGITAL CORPORATION**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

**Condensed Consolidating Statement of Cash Flows**  
**For the nine months ended March 30, 2018**

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Total Company
	<i>(in millions)</i>				
Cash flows from operating activities					
Net cash provided by (used in) operating activities	\$ (130)	\$ 405	\$ 3,284	\$ (217)	\$ 3,342
Cash flows from investing activities					
Purchases of property, plant and equipment	—	(162)	(481)	—	(643)
Proceeds from the sale of property, plant and equipment	—	—	24	—	24
Acquisitions, net of cash acquired	—	(93)	(6)	—	(99)
Purchases of investments	—	(11)	(55)	—	(66)
Proceeds from sale of investments	—	—	39	—	39
Proceeds from maturities of investments	—	—	16	—	16
Notes receivable issuances to Flash Ventures	—	—	(1,015)	—	(1,015)
Notes receivable proceeds from Flash Ventures	—	—	308	—	308
Strategic investments and other, net	—	(1)	31	—	30
Intercompany loan from consolidated affiliates	3,295	—	—	(3,295)	—
Advances from (to) parent and consolidated affiliates	(47)	47	—	—	—
Net cash provided by (used in) investing activities	3,248	(220)	(1,139)	(3,295)	(1,406)
Cash flows from financing activities					
Issuance of stock under employee stock plans	146	—	—	—	146
Taxes paid on vested stock awards under employee stock plans	(164)	—	—	—	(164)
Repurchases of common stock	(155)	—	—	—	(155)
Dividends paid to shareholders	(443)	—	—	—	(443)
Settlement of debt hedge contracts	28	—	—	—	28
Repayment of debt	(14,581)	—	—	—	(14,581)
Proceeds from debt	11,384	—	—	—	11,384
Proceeds from (repayment of) revolving credit facility	500	—	—	—	500
Debt issuance costs	(52)	—	—	—	(52)
Intercompany loan to consolidated affiliates	—	(205)	(3,090)	3,295	—
Change in investment in consolidated subsidiaries	319	(463)	(73)	217	—
Net cash used in financing activities	(3,018)	(668)	(3,163)	3,512	(3,337)
Effect of exchange rate changes on cash	—	—	10	—	10
Net increase (decrease) in cash and cash equivalents	100	(483)	(1,008)	—	(1,391)
Cash and cash equivalents, beginning of year	18	1,212	5,124	—	6,354
Cash and cash equivalents, end of period	\$ 118	\$ 729	\$ 4,116	\$ —	\$ 4,963

**WESTERN DIGITAL CORPORATION**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

**Note 16. Subsequent Events**

In April 2019, the Company completed a sale and leaseback of its manufacturing facility in Fremont, California. The Company received proceeds from the sale of \$115 million and expects to recognize an approximate loss of \$25 million. The property is being leased back over a term of 15 years at an annual lease rate of \$7 million for the first year and increasing by 3% per year thereafter. The lease includes four 5-year renewal options for the ability to extend up to 20 years.

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

The following discussion and analysis contains forward-looking statements within the meaning of the federal securities laws, and should be read in conjunction with the disclosures we make concerning risks and other factors that may affect our business and operating results. You should read this information in conjunction with the unaudited Condensed Consolidated Financial Statements and the notes thereto included in this Quarterly Report on Form 10-Q, and the audited Consolidated Financial Statements and notes thereto and Part II, Item 8, contained in our Annual Report on Form 10-K for the fiscal year ended June 29, 2018. See also "Forward-Looking Statements" immediately prior to Part I, Item 1 in this Quarterly Report on Form 10-Q.

Unless otherwise indicated, references herein to specific years and quarters are to our fiscal years and fiscal quarters. As used herein, the terms "we," "us," "our," and the "Company" refer to Western Digital Corporation and its subsidiaries.

### **Our Company**

We are a leading developer, manufacturer and provider of data storage devices and solutions that address the evolving needs of the information technology industry and the infrastructure that enables the proliferation of data in virtually every other industry. Our broad portfolio of technology and products address the following key markets: Client Devices; Data Center Devices and Solutions; and Client Solutions. We also generate license and royalty revenue related to our intellectual property ("IP"), which is included in each of these three categories.

### **Key Developments**

#### *Flash Ventures*

The flash industry is characterized by cyclicity as it responds to variations in customers' demand for products and manages production capacity to meet that demand. As technology conversions have matured and manufacturing yields have improved, flash supply has increased relative to demand. As a result, average selling price per gigabyte of flash-based products has declined in recent quarters.

Through our strategic partnership with Toshiba Memory Corporation ("TMC") referred to as "Flash Ventures", we and TMC operate flash-based memory wafer manufacturing facilities in Yokkaichi, Japan. We are obligated to purchase half of Flash Ventures' flash-based memory wafer supply or pay for half of Flash Ventures' fixed costs regardless of the output we choose to purchase. We are also obligated to fund 49.9% to 50% of Flash Ventures' capital investments to the extent that Flash Ventures' operating cash flow is insufficient to fund these investments.

Flash Ventures has historically operated near 100% of its manufacturing capacity. As a result of the current supply/demand imbalance for flash-based products, we have temporarily reduced our utilization of our share of Flash Ventures' manufacturing capacity to an abnormally low level to more closely align our flash-based wafer supply with the projected demand. We do not expect this action to result in any incremental cash payments; however, as a result of this temporary reduction to abnormally low production levels, we incurred costs of \$148 million and \$197 million associated with the reduction in utilization, which was recorded as a charge to cost of revenue in the three and nine months ended March 29, 2019, respectively. We expect additional underutilization charges to be recorded in cost of revenue in the range of \$55 million to \$75 million by the end of the fiscal year. We may adjust our plans based on market conditions, which could impact the timing and amount of any charges.

#### *Cost and Expense Reduction Actions*

We implemented actions to better align our cost and expense structure to near-term business conditions. These actions included accelerating the closure of our HDD manufacturing facility in Kuala Lumpur, Malaysia, reducing other HDD manufacturing costs and other measures to reduce our costs and expenses. We incurred costs of \$76 million in the three months ended March 29, 2019 towards the implementation of these actions and expect to reduce costs of revenue and operating expenses by \$800 million on an annualized basis, with the reductions split approximately equally between cost of revenue and operating expenses. The level of our costs of revenue and operating expenses in any particular period may vary based on differing levels of incentive cash compensation, payroll tax increases, and unexpected or non-recurring costs or expenses.

## Results of Operations

### Third Quarter and Nine Month Overview

The following table sets forth, for the periods presented, selected summary information from our Condensed Consolidated Statements of Operations by dollars and percentage of net revenue<sup>(1)</sup>:

	Three Months Ended					
	March 29, 2019		March 30, 2018		\$ Change	% Change
	<i>(in millions, except percentages)</i>					
Revenue, net	\$ 3,674	100.0 %	\$ 5,013	100.0 %	\$ (1,339)	(26.7)%
Cost of revenue	3,095	84.2	3,086	61.6	9	0.3
Gross profit	<u>579</u>	15.8	<u>1,927</u>	38.4	(1,348)	(70.0)
Operating Expenses:						
Research and development	544	14.8	602	12.0	(58)	(9.6)
Selling, general and administrative	353	9.6	376	7.5	(23)	(6.1)
Employee termination, asset impairment, and other charges	76	2.1	35	0.7	41	117.1
Total operating expenses	<u>973</u>	26.5	<u>1,013</u>	20.2	(40)	(3.9)
Operating income (loss)	(394)	(10.7)	914	18.2	(1,308)	(143.1)
Interest and other income (expense):						
Interest income	13	0.4	16	0.3	(3)	(18.8)
Interest expense	(118)	(3.2)	(160)	(3.2)	42	(26.3)
Other income, net	22	0.6	(898)	(17.9)	920	(102.4)
Total interest and other expense, net	<u>(83)</u>	(2.3)	<u>(1,042)</u>	(20.8)	959	(92.0)
Income (loss) before taxes	(477)	(13.0)	(128)	(2.6)	(349)	272.7
Income tax expense (benefit)	104	2.8	(189)	(3.8)	293	(155.0)
Net income (loss)	<u>\$ (581)</u>	(15.8)	<u>\$ 61</u>	1.2	\$ (642)	(1,052.5)

<sup>(1)</sup> Percentages may not total due to rounding.

	Nine Months Ended					
	March 29, 2019		March 30, 2018		\$ Change	% Change
	<i>(in millions, except percentages)</i>					
Revenue, net	\$ 12,935	100.0 %	\$ 15,530	100.0 %	\$ (2,595)	(16.7)%
Cost of revenue	9,648	74.6	9,677	62.3	(29)	(0.3)
Gross profit	3,287	25.4	5,853	37.7	(2,566)	(43.8)
Operating Expenses:						
Research and development	1,659	12.8	1,823	11.7	(164)	(9.0)
Selling, general and administrative	1,018	7.9	1,121	7.2	(103)	(9.2)
Employee termination, asset impairment, and other charges	142	1.1	135	0.9	7	5.2
Total operating expenses	2,819	21.8	3,079	19.8	(260)	(8.4)
Operating income (loss)	468	3.6	2,774	17.9	(2,306)	(83.1)
Interest and other income (expense):						
Interest income	43	0.3	46	0.3	(3)	(6.5)
Interest expense	(352)	(2.7)	(562)	(3.6)	210	(37.4)
Other income (expense), net	28	0.2	(902)	(5.8)	930	(103.1)
Total interest and other expense, net	(281)	(2.2)	(1,418)	(9.1)	1,137	(80.2)
Income (loss) before taxes	187	1.4	1,356	8.7	(1,169)	(86.2)
Income tax expense (benefit)	744	5.8	1,437	9.3	(693)	(48.2)
Net loss	\$ (557)	(4.3)	\$ (81)	(0.5)	\$ (476)	587.7

(1) Percentages may not total due to rounding.

The following table sets forth, for the periods presented, summary information regarding our revenue<sup>(1)</sup>:

	Three Months Ended		Nine Months Ended	
	March 29, 2019	March 30, 2018	March 29, 2019	March 30, 2018
	<i>(in millions, except percentages)</i>			
Revenue by End Market				
Client Devices	\$ 1,625	\$ 2,311	\$ 6,489	\$ 7,634
Data Center Devices & Solutions	1,245	1,660	3,765	4,463
Client Solutions	804	1,042	2,681	3,433
Total Revenue	\$ 3,674	\$ 5,013	\$ 12,935	\$ 15,530
Revenue by Geography (%)				
Americas	29%	28%	26%	27%
Europe, Middle East and Africa	20	19	19	18
Asia	51	53	55	55

(1) Prior year information is presented in accordance with the accounting guidance in effect during that period and has not been updated for Topic 606.

#### Net Revenue and Gross Margin

**Net Revenue.** The decrease in net revenue in the three months ended March 29, 2019 from the comparable period of the prior year was primarily driven by lower average selling prices per gigabyte for flash-based products and lower sales of HDD products. Specifically, Client Devices revenue decreased 29.7% year over year, primarily driven by a reduction in flash-based mobile products and client compute HDD. Our revenue for Data Center Devices and Solutions decreased 25.0% year over year, primarily driven by lower average selling prices per gigabyte of flash-based products as well as lower sales of enterprise SSD, capacity enterprise HDD and performance enterprise HDD products. Client Solutions revenue decreased 22.8% year over year, primarily driven by lower sales of retail HDD and lower average selling prices per gigabyte of flash-based products.

The decrease in net revenue for the nine months ended March 29, 2019, compared to the same period in the prior year, is primarily due to lower average selling prices per gigabyte for flash-based products and lower sales of HDD products. Specifically, Client Devices revenue for the nine months ended March 29, 2019 decreased 15.0% year over year, primarily driven by lower sales of client compute HDD products and flash-based mobile products and lower average selling prices per gigabyte of flash-based products, partially offset by higher sales of client SSD. Our revenue for Data Center Devices and Solutions for the nine months ended March 29, 2019 decreased 15.6% year over year, driven primarily by lower sales of our enterprise SSDs and performance enterprise HDDs. Client Solutions revenue for the nine months ended March 29, 2019 decreased 21.9% year over year, primarily driven by lower sales of retail HDD and lower average selling prices per gigabyte of flash-based products.

Our top 10 customers accounted for 41% and 45% of our net revenue for the three and nine months ended March 29, 2019, respectively, and 44% and 42% of our net revenue for the three and nine months ended March 30, 2018, respectively. For the three and nine months ended March 29, 2019 and March 30, 2018, no single customer accounted for 10% or more of our net revenue.

Changes in the net revenue by geography generally reflect normal fluctuations in market demand and competitive dynamics.

Consistent with standard industry practice, we have sales incentive and marketing programs that provide customers with price protection and other incentives or reimbursements that are recorded as a reduction to gross revenue. For the three and nine months ended March 29, 2019, these programs represented 17% and 15% of gross revenues, respectively. For the three and nine months ended March 30, 2018, these programs represented 11% and 12% of gross revenues, respectively. The amounts attributed to our sales incentive and marketing programs generally vary according to several factors including industry conditions, list pricing strategies, seasonal demand, competitor actions, channel mix and overall availability of products. Changes in future customer demand and market conditions may require us to adjust our incentive programs as a percentage of gross revenue.

*Gross Profit and Gross Margin.* The decreases in gross profit for the three and nine months ended March 29, 2019 from the comparable periods in the prior year were primarily due to the lower average selling prices per gigabyte for flash-based products, the flash manufacturing underutilization charges and a charge to cost of revenue of \$110 million (3.0% and 0.9% of revenue for the three and nine months ended March 29, 2019, respectively) primarily to reduce component inventory to net realizable value for flash-based multi-chip package products that include externally-sourced dynamic random access memory products. Gross profit and gross margin also include amortization expense on acquired intangible assets, stock-based compensation, a flash manufacturing underutilization charge, and charges related to the implementation of cost-saving initiatives and other charges, which aggregated \$349 million, or 9.5%, of revenue, compared to \$247 million, or 4.9%, of revenue, for the three months ended March 29, 2019 and March 30, 2018, respectively, and \$879 million, or 6.8%, of revenue, compared to \$819 million, or 5.3%, of revenue, for the nine months ended March 29, 2019 and March 30, 2018, respectively. We expect gross margins to be negatively impacted by flash manufacturing underutilization charges to be recorded in cost of revenue in the range of \$55 million to \$75 million with the substantial majority expected to be recognized by the end of the fiscal year.

#### *Operating Expenses*

The decrease in research and development (“R&D”) expense for the three months ended March 29, 2019 from the same period in the prior year is primarily due to lower variable and stock-based compensation expense, as well as progress on our expense reduction actions. The decrease in R&D expense for the nine months ended March 29, 2019 from the same period in the prior year is primarily due to lower variable compensation expense and lower stock-based compensation expenses.

The decrease in selling, general and administrative (“SG&A”) expense for the three months ended March 29, 2019 from the same period in the prior year is primarily due to lower variable compensation expense as well as progress on our expense reduction actions, partially offset by higher charges totaling \$114 million in the aggregate relating to stock-based compensation expenses, amortization expense on acquired intangible assets, charges related to the implementation of cost-saving initiatives, acquisition-related charges and other charges for the three months ended March 29, 2019 compared to \$81 million for the three months ended March 30, 2018.

The decrease in SG&A expense for the nine months ended March 29, 2019 from the same period in the prior year is primarily due to lower variable compensation expense. In addition, we had lower charges related to stock-based compensation expenses, amortization expense on acquired intangible assets, charges related to the implementation of cost-saving initiatives, acquisition-related charges and other charges, which aggregated to \$255 million for the nine months ended March 29, 2019 compared to \$268 million in the nine months ended March 30, 2018.

Employee termination, asset impairment and other charges primarily related to actions associated with the realignment of our business. For additional information regarding employee termination, asset impairment and other charges, see Part I, Item 1, Note 13, *Employee Termination, Asset Impairment and Other Charges*, of the Notes to Condensed Consolidated Financial Statements included in this Quarterly Report on Form 10-Q.

#### *Interest and Other Income (Expense)*

The decreases in total interest and other expense, net for both the three and nine months ended March 29, 2019 are primarily due to the loss on extinguishment of debt of \$854 million in the prior year as well as lower interest expense resulting from reductions in the principal amount of debt and lower interest rates as a result of changes to our debt facilities in the third and fourth quarters of fiscal 2018, partially offset by increases in the LIBOR interest rate.

#### *Income Tax Expense (Benefit)*

The following table sets forth income tax information from our Condensed Consolidated Statements of Operations by dollar and effective tax rate:

	Three Months Ended		Nine Months Ended	
	March 29, 2019	March 30, 2018	March 29, 2019	March 30, 2018
	<i>(in millions, except percentages)</i>			
Income (loss) before taxes	\$ (477)	\$ (128)	\$ 187	\$ 1,356
Income tax expense (benefit)	104	(189)	744	1,437
Effective tax rate	(22)%	148%	398%	106%

The Tax Cuts and Jobs Act (the “2017 Act”), enacted on December 22, 2017, includes a broad range of tax reform proposals affecting businesses, including a reduction in the U.S. federal corporate tax rate from 35% to 21%, a one-time mandatory deemed repatriation tax on earnings of certain foreign subsidiaries that were previously tax deferred and the creation of new taxes on certain foreign earnings.

When initially accounting for the tax effects of the enactment of the 2017 Act, we applied the applicable Securities and Exchange Commission (“SEC”) guidance and made a reasonable estimate of the effects on our existing deferred tax balances and the one-time mandatory deemed repatriation tax required by the 2017 Act. As we finalized the accounting for the tax effects of the enactment of the 2017 Act during the one-year measurement period permitted by applicable SEC guidance, we reflected adjustments to the recorded provisional amounts. During the second quarter of fiscal 2019, we completed our accounting for the tax effects of the enactment of the 2017 Act. Although the U.S. Treasury and the Internal Revenue Service (“IRS”) have issued tax guidance on certain provisions of the 2017 Act since the enactment date, we anticipate the issuance of future additional regulatory and interpretive guidance, even though the one-year measurement period has ended. Although we were able to apply a reasonable interpretation of the law along with any available guidance in finalizing our accounting for the tax effects of the 2017 Act, such future additional regulatory or interpretive guidance would constitute new information which may require further refinements to our estimates in future periods.

The primary driver of the difference between the effective tax rate for the three and nine months ended March 29, 2019 and the U.S. Federal statutory rate of 21% is the discrete effect of the finalization of the accounting for the tax effects of the enactment of the 2017 Act. For the three months ended March 29, 2019, these discrete effects consist of income tax benefits of \$71 million related to the mandatory deemed repatriation tax. For the nine months ended March 29, 2019, these discrete effects consist of \$107 million related to the mandatory deemed repatriation tax and \$152 million related to the decision to change our indefinite reinvestment assertion. For both periods, the remaining difference is attributable primarily to an increase in the estimated effective tax rate due to changes in the relative mix of earnings by jurisdiction, partially offset by credits and tax holidays. The windfall tax benefits resulting from the adoption of ASU 2016-09 were not material for the three and nine months ended March 29, 2019.

The primary drivers for the difference between the effective tax rate for the three months ended March 30, 2018 and the U.S. Federal statutory rate of 28% included discrete effects consisting of an income tax benefit of \$211 million from deductible make-whole premiums and the write-off of unamortized issuance costs from our debt financing transactions. The primary drivers for the difference between the effective tax rate for the nine months ended March 30, 2018 and the U.S. Federal statutory rate of 28% were related to the net charge of \$1.66 billion for the one-time mandatory deemed repatriation tax, offset in part by an income tax benefit related to the re-measurement of deferred taxes as required by the 2017 Act and deductible make-whole premiums and the write-off of unamortized issuance costs from our debt financing transactions. The primary drivers for the remaining difference between the effective tax rate for the three and nine months ended March 30, 2018 and the U.S. Federal statutory rate of 28% were tax credits and tax holidays in Malaysia, Philippines, Singapore and Thailand that expired or expire at various dates during fiscal years 2018 through 2030 and windfall tax benefits related to vesting and exercises of stock-based awards. The windfall tax benefits are a result of the adoption of ASU 2016-09, which required us to recognize \$46 million and \$73 million of windfall tax benefits related to vesting and exercises of stock-based awards as a component of our income tax expense for the three and nine months ended March 30, 2018, respectively.

Our future effective tax rate is subject to future regulatory developments and changes in the mix of our U.S. earnings compared to foreign earnings. Our total tax expense in future fiscal years may also vary as a result of discrete items such as excess tax benefits or deficiencies.

For additional information regarding income tax expense (benefit), see Part I, Item 1, Note 11, *Income Tax Expense (Benefit)*, of the Notes to Condensed Consolidated Financial Statements included in this Quarterly Report on Form 10-Q.

## Liquidity and Capital Resources

The following table summarizes our statements of cash flows:

	Nine Months Ended	
	March 29, 2019	March 30, 2018
	(in millions)	
Net cash provided by (used in):		
Operating activities	\$ 1,378	\$ 3,342
Investing activities	(1,042)	(1,406)
Financing activities	(1,657)	(3,337)
Effect of exchange rate changes on cash	(2)	10
Net decrease in cash and cash equivalents	<u>\$ (1,323)</u>	<u>\$ (1,391)</u>

We believe our cash, cash equivalents and cash generated from operations as well as our available credit facilities will be sufficient to meet our working capital, debt, stock repurchases, dividend and capital expenditure needs for at least the next twelve months. Our ability to sustain our working capital position is subject to a number of risks that we discuss in Part II, Item 1A, *Risk Factors*, in this Quarterly Report on Form 10-Q. See also “*Debt*” below for information regarding the credit agreement governing our revolving credit facility and term loans (as amended, the “Credit Agreement”).

During fiscal 2019, we expect cash used for purchases of property, plant and equipment and net activity in notes receivable and equity investments relating to our Flash Ventures joint venture with Toshiba Memory Corporation to be approximately \$1.50 billion to \$1.90 billion. The total expected cash to be used could vary depending on the timing and completion of various capital projects and the availability, timing and terms of related financing.

A total of \$2.55 billion and \$4.15 billion of our cash and cash equivalents was held outside of the U.S. as of March 29, 2019 and June 29, 2018, respectively. During the second quarter of fiscal 2019, we finalized the accounting for the tax effects of the mandatory deemed repatriation tax on our indefinite reinvestment assertion. After re-evaluating the existing short- and long-term capital allocation policies, we intend to repatriate all of our foreign undistributed earnings. Our decision to change our indefinite reinvestment assertion is based on interpretative guidance issued by the IRS to date related to the ordering and the taxation of a repatriation of our foreign undistributed earnings. For additional information regarding our indefinite reinvestment assertion, see Part I, Item 1, Note 11, *Income Tax Expense*, of the Notes to Condensed Consolidated Financial Statements included in this Quarterly Report on Form 10-Q.

### Operating Activities

Cash flow from operating activities primarily consists of net income, adjusted for non-cash charges, plus or minus changes in other operating assets and liabilities. This represents our principal source of cash. Net cash used for changes in other operating assets and liabilities was \$7 million for the nine months ended March 29, 2019, as compared to net cash provided of \$948 million for the nine months ended March 30, 2018. The net cash provided by changes in other operating assets and liabilities in the nine months ended March 30, 2018 primarily reflects the payable recorded for the mandatory deemed repatriation tax as described in Part I, Item 1, Note 11, *Income Tax Expense*, of the Notes to Condensed Consolidated Financial Statements included in this Quarterly Report on Form 10-Q. Changes in our other operating assets and liabilities are also largely affected by our working capital requirements, which are dependent on the effective management of our cash conversion cycle. Our cash conversion cycle measures how quickly we can convert our products into cash through sales. The cash conversion cycles were as follows:

	Quarter to Date	
	March 29, 2019	March 30, 2018
	<i>(in days)</i>	
Days sales outstanding	30	36
Days in inventory	101	79
Days payables outstanding	(55)	(71)
Cash conversion cycle	76	44

Changes in days sales outstanding (“DSOs”) are generally due to the linearity of shipments. Changes in days in inventory (“DIOs”) are generally related to the timing of inventory builds. Changes in days payables outstanding (“DPOs”) are generally related to production volume and the timing of purchases during the period. From time to time, we modify the timing of payments to our vendors. We make modifications primarily to manage our vendor relationships and to manage our cash flows, including our cash balances. Generally, we make the payment term modifications through negotiations with our vendors or by granting to, or receiving from, our vendors’ payment term accommodations.

For the three months ended March 29, 2019, DSO decreased by 6 days over the prior year, primarily reflecting the timing of shipments and customer collections and the factoring of receivables. DIO increased by 22 days over the prior year, primarily reflecting increases in hard drive inventory in response to the plant closure in Kuala Lumpur, Malaysia and increases in flash inventory. DPO decreased by 16 days over the prior year, primarily reflecting routine variations in timing of purchases and payments during the period.

### Investing Activities

During the nine months ended March 29, 2019, net cash used in investing activities primarily consisted of \$722 million of capital expenditures and a net \$288 million increase in notes receivable issuances to Flash Ventures to fund its capital expansion. Net cash used in investing activities for the nine months ended March 30, 2018 primarily consisted of \$643 million of capital expenditures, a \$707 million net increase in notes receivable issuances to and investments in Flash Ventures and \$99 million for acquisitions.

Our cash equivalents are primarily invested in money market funds that invest in U.S. Treasury securities and U.S. Government agency securities as well as bank certificates of deposit. In addition, we invest directly in U.S. Treasury securities, U.S. and International Government agency securities, certificates of deposit, asset-backed securities and corporate and municipal notes and bonds.

### Financing Activities

During the nine months ended March 29, 2019, net cash used in financing activities primarily consisted of \$613 million for the repayment of our revolving credit facility and debt, \$563 million of share repurchases and \$438 million to pay dividends on our common stock. Net cash used in financing activities for the nine months ended March 30, 2018 primarily consisted of \$14.58 billion in debt repayments, \$443 million to pay dividends on our common stock and \$155 million of share repurchases, partially offset by net proceeds of \$11.83 billion from debt issuances and draws under our revolving credit facility.

## Off-Balance Sheet Arrangements

Other than the commitments related to Flash Ventures, facility lease commitments incurred in the normal course of business and certain indemnification provisions (see “Short and Long-term Liquidity-Contractual Obligations and Commitments” below), we do not have any other material off-balance sheet financing arrangements or liabilities, guarantee contracts, retained or contingent interests in transferred assets, or any other obligation arising out of a material variable interest in an unconsolidated entity. We do not have any majority-owned subsidiaries that are not included in the Condensed Consolidated Financial Statements. Additionally, we do not have an interest in, or relationships with, any special-purpose entities. For additional information regarding our off-balance sheet arrangements, see Part I, Item 1, Note 9, *Commitments, Contingencies and Related Parties*, of the Notes to Condensed Consolidated Financial Statements included in this Quarterly Report on Form 10-Q.

## Short and Long-term Liquidity

### *Contractual Obligations and Commitments*

The following is a summary of our known contractual cash obligations and commercial commitments as of March 29, 2019:

	Total	1 Year (Remaining 3 months of 2019)	2-3 Years (2020- 2021)	4-5 Years (2022- 2023)	More than 5 Years (Beyond 2023)
	<i>(in millions)</i>				
Long-term debt, including current portion(1)	\$ 10,762	\$ 69	\$ 586	\$ 6,707	\$ 3,400
Interest on debt	1,995	76	846	729	344
Flash Ventures and other related commitments(2)	6,352	1,553	2,789	1,569	441
Operating leases	174	17	84	40	33
Purchase obligations	2,213	1,099	631	483	—
Mandatory Deemed Repatriation Tax	1,103	—	161	198	744
<b>Total</b>	<b>\$ 22,599</b>	<b>\$ 2,814</b>	<b>\$ 5,097</b>	<b>\$ 9,726</b>	<b>\$ 4,962</b>

(1) Principal portion of debt, excluding discounts and issuance costs.

(2) Includes reimbursement for depreciation and lease payments on owned and committed equipment, funding commitments for loans and equity investments and reimbursement for other committed expenses, including R&D. Funding commitments assume no additional operating lease guarantees. Additional operating lease guarantees can reduce funding commitments.

### *Debt*

We had \$10.76 billion of debt outstanding as of March 29, 2019, including \$7.33 billion of term loans under our Credit Agreement, \$2.30 billion of senior unsecured notes due 2024 and \$1.10 billion of convertible notes due 2024.

Under the Credit Agreement, we are required to comply with certain financial covenants with respect to the revolving credit facility and Term Loan A-1, which consist of a leverage ratio and an interest coverage ratio, both of which are based upon a trailing twelve-month Adjusted EBITDA as defined in the Credit Agreement. As of March 29, 2019, we were in compliance with all financial covenants under the Credit Agreement.

In April 2019, we amended the Credit Agreement to include an addback for certain depreciation related payments with respect to the Company’s Flash Ventures in the Adjusted EBITDA calculation and to defer the reductions in required leverage ratios. The amendment provides additional operating flexibility for the term of the Credit Agreement; however, a significant deterioration in our operating results could cause our trailing twelve-month Adjusted EBITDA to drop below the threshold required for compliance with our leverage ratio, which could result in an event of default under the Credit Agreement. If an event of default under the Credit Agreement were to occur and if we were not able to obtain a waiver from the required lenders (or if we were not able to obtain such waiver on terms acceptable to us), there could be significant negative consequences for the Company. See Part II, Item 1A, “*Risk Factors—Our high level of debt may have an adverse impact on our liquidity, restrict our current and future operations, particularly our ability to respond to business opportunities, and increase our vulnerability to adverse economic and industry conditions*” for a discussion of risks related to our level of debt, including the consequences of an event of default thereunder.

Additional information regarding our indebtedness, including information about availability under our revolving credit facility and the principal repayment terms, interest rates, covenants and other key terms of our outstanding indebtedness, is included in Part I, Item 1, Note 7, *Debt*, of the Notes to Condensed Consolidated Financial Statements included in this Quarterly Report on Form 10-Q and Part II, Item 8, Note 6, *Debt*, of the Notes to Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended June 29, 2018.

#### *Flash Ventures*

Flash Ventures sells to and leases back from a consortium of financial institutions a portion of its tools and has entered into equipment lease agreements of which we guarantee half or all of the outstanding obligations under each lease agreement. The lease agreements contain customary covenants for Japanese lease facilities. In addition to containing customary events of default related to Flash Ventures that could result in an acceleration of Flash Ventures' obligations, the lease agreements contain acceleration clauses for certain events of default related to the guarantors, including us. As of March 29, 2019, we were in compliance with all covenants under these Japanese lease facilities. See Part I, Item 1, Note 9, *Commitments, Contingencies and Related Parties*, of the Notes to Condensed Consolidated Financial Statements included in this Quarterly Report on Form 10-Q for information regarding Flash Ventures.

#### *Purchase Obligations*

In the normal course of business, we enter into purchase orders with suppliers for the purchase of components used to manufacture our products. These purchase orders generally cover forecasted component supplies needed for production during the next quarter, are recorded as a liability upon receipt of the components, and generally may be changed or canceled at any time prior to shipment of the components. In addition, we have entered into long-term purchase agreements with various component suppliers, containing minimum quantity requirements. However, the dollar amount of the purchases may depend on the specific products ordered, achievement of pre-defined quantity or quality specifications or future price negotiations. The estimated related minimum purchase requirements are included in "Purchase obligations" in the table above. We have also entered into long-term purchase agreements with various component suppliers that carry fixed volumes and pricing which obligate us to make certain future purchases, contingent on certain conditions of performance, quality and technology of the vendor's components. These arrangements are included under "Purchase obligations" in the table above.

#### *Mandatory Deemed Repatriation Tax*

The following is a summary of our estimated mandatory deemed repatriation tax obligations that are payable in the following fiscal years (in millions):

Remaining three months of 2019	\$	—
2020		62
2021		99
2022		99
2023		99
2024		186
2025		248
2026		310
Total	\$	1,103

The 2017 Act allows for the mandatory deemed repatriation tax of \$1.25 billion to be payable over an 8-year period without interest. The payments are due with 8% of the tax to be paid in each of the first five years, 15% in the 6th year, 20% in the 7th year, and 25% in the 8th year. As of March 29, 2019, total payments of \$150 million have been made towards the mandatory deemed repatriation tax of \$1.25 billion for a remaining net tax liability owed of \$1.10 billion. For additional information regarding our estimate of the total tax liability for the mandatory deemed repatriation tax, see Part I, Item 1, Note 11, *Income Tax Expense (Benefit)*, of the Notes to Condensed Consolidated Financial Statements included in this Quarterly Report on Form 10-Q.

### *Unrecognized Tax Benefits*

As of March 29, 2019, the liability for unrecognized tax benefits (excluding accrued interest and penalties) was approximately \$708 million. Accrued interest and penalties related to unrecognized tax benefits as of March 29, 2019 was approximately \$120 million. Of these amounts, approximately \$717 million could result in potential cash payments. We are not able to provide a reasonable estimate of the timing of future tax payments related to these obligations. For additional information regarding our total tax liability for unrecognized tax benefits, see Part I, Item 1, Note 11, *Income Tax Expense (Benefit)*, of the Notes to Condensed Consolidated Financial Statements included in this Quarterly Report on Form 10-Q.

### *Interest Rate Swap*

We have entered into interest rate swap agreements to moderate our exposure to fluctuations in interest rates underlying our variable rate debt. For a description of our current interest rate swaps, see Part I, Item 3, *Quantitative and Qualitative Disclosures About Market Risk* included in this Quarterly Report on Form 10-Q.

### *Foreign Exchange Contracts*

We purchase foreign exchange contracts to hedge the impact of foreign currency fluctuations on certain underlying assets, liabilities and commitments for operating expenses and product costs denominated in foreign currencies. For a description of our current foreign exchange contract commitments, see Part I, Item 3, *Quantitative and Qualitative Disclosures About Market Risk* and Part I, Item 1, Note 6, *Derivative Instruments and Hedging Activities*, of the Notes to Condensed Consolidated Financial Statements included in this Quarterly Report on Form 10-Q.

### *Indemnifications*

In the ordinary course of business, we may provide indemnifications of varying scope and terms to customers, vendors, lessors, business partners and other parties with respect to certain matters, including, but not limited to, losses arising out of our breach of agreements, products or services to be provided by us, environmental compliance or from IP infringement claims made by third parties. In addition, we have entered into indemnification agreements with our directors and certain of our officers that will require us, among other things, to indemnify them against certain liabilities that may arise by reason of their status or service as directors or officers. We maintain director and officer insurance, which may cover certain liabilities arising from our obligation to indemnify our directors and officers in certain circumstances.

It is not possible to determine the maximum potential amount under these indemnification agreements due to the limited history of prior indemnification claims and the unique facts and circumstances involved in each particular agreement. Such indemnification agreements may not be subject to maximum loss clauses. Historically, we have not incurred material costs as a result of obligations under these agreements.

### *Stock Repurchase Program*

Our Board of Directors previously authorized \$5.00 billion for the repurchase of our common stock. On July 25, 2018, our Board of Directors authorized a new \$5.00 billion share repurchase program that is effective through July 25, 2023, replacing all prior programs. For the three months ended March 29, 2019, we did not make any stock repurchases. For the nine months ended March 29, 2019, we repurchased 0.8 million shares for a total cost of \$61 million under the previous authorization and 7.6 million shares for a total cost of \$502 million under the new authorization. Therefore, our stock repurchases under all stock repurchase authorizations in effect for the nine months ended March 29, 2019 totaled \$563 million. The remaining amount available to be repurchased under our current stock repurchase program as of March 29, 2019 was \$4.50 billion. Repurchases under the stock repurchase program may be made in the open market or in privately negotiated transactions and may be made under a Rule 10b5-1 plan. We expect stock repurchases to be funded principally by operating cash flows.

### *Cash Dividend*

Since the first quarter of 2013, we have issued a quarterly cash dividend. During the nine months ended March 29, 2019, we declared aggregate cash dividends of \$1.50 per share on our outstanding common stock totaling \$436 million, of which \$146 million was paid on April 15, 2019.

On May 2, 2019, we declared a cash dividend of \$0.50 per share of our common stock to our shareholders of record as of June 28, 2019, which will be paid on July 15, 2019. We may modify, suspend, or cancel our cash dividend policy in any manner and at any time.

## **Recent Accounting Pronouncements**

For a description of recently issued and adopted accounting pronouncements, including the respective dates of adoption and expected effects on our results of operations and financial condition, see Part I, Item 1, Note 2, *Recent Accounting Pronouncements*, of the Notes to Condensed Consolidated Financial Statements included in this Quarterly Report on Form 10-Q.

## **Critical Accounting Policies and Estimates**

We have prepared the accompanying Condensed Consolidated Financial Statements in accordance with accounting principles generally accepted in the United States (“U.S. GAAP”). The preparation of the financial statements requires the use of judgments and estimates that affect the reported amounts of revenues, expenses, assets, liabilities and shareholders’ equity. We have adopted accounting policies and practices that are generally accepted in the industry in which we operate. If these estimates differ significantly from actual results, the impact to the Condensed Consolidated Financial Statements may be material.

See Part I, Item 1, Note 2, *Recent Accounting Pronouncements*, and Note 3, *Revenues*, of the Notes to Condensed Consolidated Financial Statements included in this Quarterly Report on Form 10-Q for a discussion of a recently adopted accounting pronouncement that affects our recognition of revenue. There have been no other material changes in our critical accounting policies and estimates from those disclosed in our Annual Report on Form 10-K for the fiscal year ended June 29, 2018. Please refer to Part II, Item 7 of our Annual Report on Form 10-K for the fiscal year ended June 29, 2018 for a discussion of our critical accounting policies and estimates.

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

### **Disclosure About Foreign Currency Risk**

Although the majority of our transactions are in U.S. dollars, some transactions are based in various foreign currencies. We purchase short-term, foreign exchange contracts to hedge the impact of foreign currency exchange fluctuations on certain underlying assets, liabilities and commitments for product costs and operating expenses denominated in foreign currencies. The purpose of entering into these hedge transactions is to minimize the impact of foreign currency fluctuations on our results of operations. Substantially all of the contract maturity dates do not exceed 12 months. We do not purchase foreign exchange contracts for speculative or trading purposes. For additional information, see Part I, Item 1, Note 5, *Fair Value Measurements and Investments* and Note 6, *Derivative Instruments and Hedging Activities*, of the Notes to Condensed Consolidated Financial Statements included in this Quarterly Report on Form 10-Q.

As of March 29, 2019, we had outstanding the foreign exchange contracts presented in the following table. The designated foreign exchange contracts are entered to protect the U.S. dollar value of our product cost and operating expenses. Changes in fair values of the non-designated foreign exchange contracts are recognized in other income (expense), net and are largely offset by corresponding changes in the fair values of the foreign currency denominated monetary assets and liabilities.

	Contract Amount	Weighted-Average Contract Rate <sup>(1)</sup>	Mark to Market Unrealized Gain (Loss)
(in millions, except weighted-average contract rate)			
<b>Designated Hedges (cash flow hedges):</b>			
Japanese yen	\$ 913	110.26	\$ 4
Malaysian ringgit	54	4.16	1
Philippine peso	29	53.42	—
Thai baht	146	31.9	1
Total designated forward contracts	\$ 1,142		\$ 6
<b>Non-Designated Hedges:</b>			
British pound sterling	\$ 7	0.77	\$ 1
Euro	234	0.89	—
Japanese yen	3,274	109.87	(4)
Malaysian ringgit	319	4.08	—
Philippine peso	71	52.50	—
Thai baht	309	31.65	(1)
Total non-designated forward contracts	\$ 4,214		\$ (4)

<sup>(1)</sup> Expressed in units of foreign currency per U.S. dollar.

During the nine months ended March 29, 2019 and March 30, 2018, total net realized and unrealized transaction and foreign exchange contract currency gains and losses were not material to our Condensed Consolidated Financial Statements.

Notwithstanding our efforts to mitigate some foreign exchange risks, we do not hedge all of our foreign currency exposures, and there can be no assurance that our mitigating activities related to the exposures that we hedge will adequately protect us against risks associated with foreign currency fluctuations.

## Disclosure About Other Market Risks

### *Variable Interest Rate Risk*

Borrowings under our revolving credit facility and our term loan A-1 due 2023 bear interest at a rate per annum, at our option, of either an adjusted London Interbank Offered Rate (“LIBOR”) (subject to a 0.0% floor) plus an applicable margin varying from 1.125% to 2.000% or a base rate plus an applicable margin varying from 0.125% to 1.000%, in each case depending on our corporate credit ratings. As of March 29, 2019, the applicable margin based on our current credit ratings was 1.5%. Borrowings under our U.S. Term Loan B-4 due 2023 bear interest at a rate per annum, at our option, of either an adjusted LIBOR (subject to a 0.0% floor) plus a margin of 1.75% or a base rate plus a margin of 0.75%.

We have generally held a balance of fixed and variable rate debt. At March 29, 2019, 68% of the par value of our debt was at variable rates. To balance the portfolio, we entered into pay-fixed interest rate swaps on \$2.00 billion notional amount, which effectively converts a portion of our term loan to fixed rates through February 2023. As of March 29, 2019, we had \$7.33 billion of variable rate debt. After giving effect to the \$2.00 billion of interest rate swaps, we effectively had \$5.33 billion of long-term debt subject to variations in interest rates and a one percent increase in the variable rate of interest would increase annual interest expense by \$53 million.

For additional information regarding our indebtedness, see Part I, Item 1, Note 7, *Debt*, of the Notes to Condensed Consolidated Financial Statements included in this Quarterly Report on Form 10-Q and Part II, Item 8, Note 6, *Debt*, of the Notes to Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended June 29, 2018.

**Item 4. Controls and Procedures**

As required by Rule 13a-15(b) promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), we carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as such term is defined in Rule 13a-15(e) under the Exchange Act) as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of the end of the period covered by this Quarterly Report on Form 10-Q, our disclosure controls and procedures were effective.

There were no changes in our internal control over financial reporting that occurred during our most recently completed fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

We are implementing an enterprise resource planning (“ERP”) system on a worldwide basis, which is expected to improve the efficiency of certain financial and related transactional processes. The gradual implementation is expected to occur in phases over the next several years. We have completed the implementation of certain processes, including the financial consolidation and reporting, fixed assets, supplier management and indirect procure-to-pay processes, and have revised and updated the related controls. These changes did not materially affect our internal control over financial reporting. As we implement the remaining functionality under this ERP system over the next several years, we will continue to assess the impact on our internal control over financial reporting.

## PART II. OTHER INFORMATION

### Item 1. *Legal Proceedings*

For a description of our legal proceedings, see Part I, Item 1, Note 14, *Legal Proceedings*, of the Notes to Condensed Consolidated Financial Statements included in this Quarterly Report on Form 10-Q, which is incorporated by reference in response to this item.

### Item 1A. *Risk Factors*

Our business, financial condition and operating results can be affected by a number of risks and uncertainties, whether currently known or unknown, any one or more of which could, directly or indirectly, cause our actual results of operations and financial condition to vary materially from past, or from anticipated future, results of operations and financial condition. The risks and uncertainties discussed below are not the only ones facing our business, but do represent those risks and uncertainties that we believe are material to us. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also adversely affect our business, financial condition, results of operations or the market price of our common stock.

#### ***Adverse global economic conditions and credit market uncertainty could harm our business, results of operations and financial condition.***

Adverse global economic conditions and uncertain conditions in the credit market have had, and in the future could have, a significant adverse effect on our company and on the storage industry as a whole. Several factors contribute to these conditions and this uncertainty, including, but not limited to, volatility in the equity, credit and other financial markets and real estate markets, slower growth in certain geographic regions, lower levels of consumer liquidity, risk of default on sovereign debt, higher interest rates, materials and component cost increases, political uncertainty and other macroeconomic factors, such as trade and tariff actions announced by the U.S., China and other countries and the referendum by British voters to exit the European Union, commonly referred to as “Brexit,” and changes to policies, rules and regulations, such as potential U.S. export control reform, including with respect to emerging and foundational technology. Some of the risks and uncertainties we face as a result of these conditions include, but are not limited to, the following:

- Our direct and indirect customers may delay or reduce their purchases of our products and systems containing our products.
- If demand for our products slows as a result of a deterioration in economic conditions, we may undertake restructuring activities to realign our cost structure with softening demand.
- We extend credit and payment terms to some of our customers and we could suffer significant losses if a customer whose accounts receivable we have not insured, or have underinsured, fails to pay us on their accounts receivable balances.
- If negative or uncertain global economic conditions result in circumstances, such as a sustained decline in our stock price and market capitalization or a decrease in our forecasted cash flows, indicating that the carrying value of our long-lived assets or goodwill may be impaired, we could be required to record a significant charge to earnings in our Consolidated Financial Statements.

These actions and conditions could result in reductions in our revenue, increased operating costs, impairment charges and other expenses, which could adversely affect our business, results of operations and financial condition.

***We rely substantially on our business ventures with Toshiba Memory Corporation (“TMC”) for the supply of flash-based memory and the development of flash-based technology, which subjects us to risks and uncertainties that could harm our business, financial condition and operating results.***

We are dependent on our ventures with TMC to develop and manufacture flash-based memory products for our flash-based memory supply, and therefore our business, financial condition and operating results are dependent on the continued success of Flash Ventures. We partner with TMC on the development of flash-based technology, including the next technology transitions of flash-based memory, as well as other non-volatile memory technology in support of Flash Ventures. Flash Ventures is subject to various risks that could harm the value of our investments, our revenue and costs, our future rate of spending, our technology plans and our future growth opportunities.

Substantially all of our flash-based memory is supplied by Flash Ventures, which limits our ability to respond to market demand and supply changes. A failure to accurately forecast demand could cause us to over-invest or under-invest in technology transitions or the expansion of captive memory capacity in Flash Ventures. Over-investment could result in excess supply, which could cause significant decreases in our product prices, significant excess, obsolete inventory or inventory write-downs or under-utilization charges, and the potential impairment of our investments in Flash Ventures. On the other hand, if we or TMC under-invest in captive memory capacity or technology transitions, if we grow capacity more slowly than the rest of the industry, if our technology transitions do not occur on the timeline that we expect, if we encounter unanticipated difficulties in implementing these transitions, or if we implement technology transitions more slowly than our competitors, we may not have enough captive supply of the right type of memory or at all to meet demand on a timely and cost effective basis and we may lose opportunities for revenue, gross margin and market share as a result. If our flash-based memory supply is limited, we may make strategic decisions with respect to the allocation of our supply among our products and customers, and these strategic allocation decisions may result in less favorable gross margin or damage certain customer relationships. We are also contractually obligated to pay for 50% of the fixed costs of Flash Ventures regardless of whether we purchase any wafers from Flash Ventures. Furthermore, purchase orders placed with Flash Ventures and under the foundry arrangements with TMC for up to three months are binding and cannot be canceled. Therefore, once our purchase decisions have been made, our production costs for flash memory are fixed, and we may be unable to reduce costs to match any subsequent declines in pricing or demand, which would harm our gross margin. Our limited ability to react to fluctuations in flash memory supply and demand makes our financial results particularly susceptible to variations from our forecasts and expectations.

Under the terms of our venture agreements with TMC, which govern the operations of Flash Ventures, we have limited power to unilaterally direct most of the activities that most significantly impact Flash Ventures’ performance and we have limits to our ability to source or fabricate flash-based products outside of the Flash Ventures. We may not always agree with TMC on our joint R&D roadmap or expansions or conversions of production capacity. In addition, TMC’s shift in strategic priorities could adversely impact our business.

In June 2018, Toshiba Corporation announced it had completed the sale of TMC, including its interests in Flash Ventures, to a consortium led by SK hynix Inc. and Bain Capital (the “Bain Consortium”) that includes other competitors, as well as key customers. The sale of TMC to the Bain Consortium could lead to delays in decision-making, disputes, or changes in strategic direction that could adversely impact Flash Ventures and/or adversely affect our business prospects, results of operations and financial condition. The Bain Consortium might not have the same interest that we do in protecting and growing Flash Ventures’ business and there may exist conflicts of interest between the Bain Consortium and Flash Ventures or us. Misalignment between us and TMC or the Bain Consortium on the strategic direction of Flash Ventures could adversely impact Flash Ventures’ ability to stay at the forefront of technological advancement and/or our investment in Flash Ventures. Flash Ventures’ competitiveness and/or our investment in Flash Ventures could also be harmed by a mishandling or misuse of IP or other competitively sensitive confidential information regarding Flash Ventures, such as its technology roadmap, business or investment plans, by a third party that might gain access to such information.

Flash Ventures requires significant investments by both TMC and us for technology transitions, including the transition to 3D NAND, and capacity expansions. The Bain Consortium has entered into financing agreements in connection with its purchase of TMC that could limit TMC’s ability to timely fund or finance investments in Flash Ventures or our joint development efforts, as well as limit Flash Ventures’ ability to enter into lease financings. To the extent that lease financings for Flash Ventures are not accessible on favorable terms or at all, more cash would be required to fund investments. If TMC does not or we do not provide sufficient resources, or have adequate access to credit, to timely fund investments in Flash Ventures, our investments could be delayed or reduced. Delayed or reduced investment in manufacturing capacity or research and development by TMC or us could harm Flash Ventures’ competitiveness and/or our investment in Flash Ventures. In addition, the financing arrangements that the Bain Consortium has entered into in connection with its purchase of TMC are secured by TMC’s equity interests in Flash Ventures, permitting the lenders to foreclose on those equity interests under certain circumstances.

In July 2018, TMC announced that it was starting construction of a new wafer fabrication facility for the manufacture of 3D NAND in Kitakami, Iwate, Japan. Although we intend to enter into agreements with TMC in due course to participate in the new Kitakami facility, there is no certainty as to when, and on what terms, we will do so. If we are unable to extend our partnership with TMC to the Kitakami facility on favorable terms, our future supply of captive flash-based memory could be adversely impacted, which could adversely affect our long-term business and financial results.

***We participate in a highly competitive industry that is subject to volatile demand, declining average selling prices (“ASPs”), rapid technological change and industry consolidation, all of which could adversely affect our operating results and financial condition.***

Demand for our devices, software and solutions that we offer to our customers, which we refer to in this Item 1A as our “products”, depends in large part on the demand for systems (including personal computers (“PCs”) and mobile devices) manufactured by our customers and on storage upgrades to existing systems. The demand for systems has been volatile in the past and often has had an exaggerated effect on the demand for our products in any given period. The prices of our products are influenced by, among other factors, the balance between supply and demand, including the effects of new fab capacity in the industry, macroeconomic factors, business conditions, technology transitions, and other actions taken by us or our competitors. The price of NAND flash memory is also influenced by conversion of industry DRAM capacity to NAND and conversion of 2D NAND capacity to 3D NAND. The storage market has experienced periods of excess capacity, which can lead to liquidation of excess inventories and significant reductions in price. If these price changes occur unnecessarily or in an unexpected manner, there will likely be an adverse impact on our revenue and gross margins.

In addition, we compete based on our ability to offer our customers competitive solutions that provide the most current and desired product and service features. We expect that competition will continue to be intense, and there is a risk that our competitors may be able to gain a technological or cost structure advantage over us, which may allow their products to be less costly or enable them to provide better performance or to include additional features when compared to our products. Further, some of our competitors may utilize certain pricing strategies, including offering products at prices at or below cost, that we may be unable to competitively match. In addition, the Chinese government and various agencies, state-owned or affiliated enterprises and investment funds are making significant investments to promote China’s domestic semiconductor industry consistent with the government’s stated national policy objectives. If we are unable to effectively compete with any manufacturers located in China or non-Chinese competitors benefitting from alliances with Chinese companies in the markets where we compete, our operating results and financial condition will suffer.

Additionally, some of our competitors offer products and technologies that we do not offer and may be able to use their broader product and technology portfolio to win sales from us. Our ASPs and gross margins also tend to decline when there is a shift in the mix of product sales, and sales of lower priced products increase relative to those of higher priced products. Further, we face potential gross margin pressures resulting from our ASPs declining more rapidly than our cost of revenue. Rapid technological changes often reduce the volume and profitability of sales of existing products and increase the risk of inventory obsolescence. Finally, the data storage industry as a whole has experienced consolidation over the past several years through acquisitions, mergers and decisions by industry players to exit the industry. Further consolidation across the industry could enhance the capacity, abilities and resources and lower the cost structure of some of our competitors, causing us to be at a competitive disadvantage. These factors, along with others, may also result in significant shifts in market share among the industry’s major participants, including a substantial decrease in our market share, all of which could adversely impact our operating results and financial condition.

***Expansion into new markets may increase the complexity of our business and cause us to increase our R&D expenses and investments in manufacturing capability, technology enhancements and go-to-market capability, and if we are unable to successfully adapt our business processes and product offerings as required by these new markets, our ability to grow will be adversely affected.***

To remain a significant supplier in the storage industry and to expand into new markets, we will need to offer a broader range of storage products to our customers. As we expand our product lines to sell into new markets, the overall complexity of our business may increase at an accelerated rate and we may become subject to different market dynamics. These dynamics may include, among other things, different demand volume, cyclicity, seasonality, product requirements, sales channels, and warranty and return policies. In addition, expansion into new markets may result in increases in R&D expenses and substantial investments in manufacturing capability, technology enhancements and go-to-market capability. If we fail to successfully expand into new markets with products that we do not currently offer, we may lose business to our competitors or new entrants who offer these products.

***If we do not properly manage technology transitions, our competitiveness and operating results may be negatively affected.***

The storage markets in which we offer our products continuously undergo technology transitions that we must anticipate and adapt our products to address in a timely manner. If we fail to implement new technologies successfully, or if we are slower than our competitors at implementing new technologies, we may not be able to competitively offer products that our customers desire or keep pace with ASP reduction, which could harm our operating results. For example, in transitioning our 2D NAND manufacturing capacity to 3D NAND technology, we could experience delays or other challenges in the production ramp, qualification of wafers, shipment of samples to customers or customer approval process. 3D NAND and any new manufacturing node may be more susceptible to manufacturing yield issues. Manufacturing yield issues may not be identified during the development or production process or solved until an actual product is manufactured and tested, further increasing our costs. If our technology transitions, including the production ramp of 3D NAND technology, take longer, are more costly to complete than anticipated, or do not improve manufacturing yield or other manufacturing efficiencies, our flash memory costs may not remain competitive with other flash-based memory producers or may not fall commensurate with declines in the price of flash-based memory, which would harm revenues, our gross margin and operating results.

For additional technology transition risks related to 3D NAND, see the risk factors entitled “*We rely substantially on our business ventures with Toshiba Memory Corporation (“TMC”) for the supply of flash-based memory and the development of flash-based technology, which subjects us to risks and uncertainties that could harm our business, financial condition and operating results*” and “*Our strategic relationships subject us to risks that could adversely affect our business, financial condition and results of operations.*”

With respect to HDDs, we announced that we will use microwave-assisted magnetic recording (MAMR) technology to increase HDD capacities. If our HDD technology transitions, including the production ramp of MAMR HDDs, take longer or are more costly to complete than anticipated or if we otherwise fail to implement new HDD technologies successfully, we may not remain competitive with other HDD producers, which could adversely affect our revenues, gross margin and operating results.

Moving to new technologies may require us to align to, and build, a new supply base. Our success in new product areas may be dependent in part on our ability to develop close relationships with new suppliers and on our ability to enter into favorable supply agreements. Where this cannot be done, our business and operations may be adversely affected. In addition, if our customers choose to delay transition to new technologies, if demand for the products that we develop is lower than expected or if the supporting technologies to implement these new technologies are not available, we may be unable to achieve the cost structure required to support our profit objectives or may be unable to grow or maintain our market position.

***The substitution or replacement of our technologies and products by new technologies could make our products obsolete and harm our operating results.***

Given the pace of technological development, there is a possibility that new technologies could substitute for or replace our current technologies and products and make them obsolete. Historically, when the industry experiences a fundamental change in storage technologies or standards, any manufacturer that fails to successfully and timely adjust its designs and processes to accommodate or manufacture the new technology or standard fails to remain competitive.

There are some revolutionary technologies that, if implemented by a competitor on a commercially viable basis ahead of the industry, could put us at a competitive disadvantage, including shingled magnetic recording, energy-assisted magnetic recording, patterned magnetic media and advanced signal processing.

Many companies, including some of our competitors, have also developed or are attempting to develop alternative non-volatile technologies, including non-NAND technologies such as magnetoresistive random-access memory (MRAM), resistive random-access memory (ReRAM) and phase change memory (PCM), and NAND-based vertical or stacked 3D memories based on charge trap, floating gate and other cell architectures.

In addition, a provider of processors and non-volatile memory solutions may be developing a new standard to attach ultra-low latency non-volatile memory to its processor memory bus, which it may choose not to license to its competitors, resulting in it being a single source provider of such non-volatile memory solutions. As a result of these shifts in technology and standards, we could incur substantial costs in developing new technologies, such as recording heads, magnetic media and tools, in adopting new standards or in investing in different capital equipment or manufacturing processes to remain competitive. If we fail to successfully implement these new technologies or standards, or if we are significantly slower than our competitors at implementing new technologies or standards, we may not be able to offer products with capacities and capabilities that our customers desire, which could harm our operating results.

***If we do not properly manage new product development, our competitiveness and operating results may be negatively affected.***

Our success depends in part on our ability to develop and introduce new products in a timely manner in order to keep pace with technology advancements and compete with alternative storage technologies. If our products fail to offer a superior value proposition to alternative storage products, we will be at a competitive disadvantage and our business will suffer. As we introduce new products, standards or technologies, it can take time for these new standards or technologies to be adopted, for customers to accept and transition to these new standards or technologies and for significant sales to be generated, if at all. Failure of our customers to adopt our new products, standards or technologies could harm our results of operations as we fail to reap the benefits of our investments.

In addition, the success of our new product introductions depends on a number of other factors, including:

- difficulties faced in manufacturing ramp;
- implementing at an acceptable cost product features expected by our customers;
- our ability to successfully transition future core, processor and controller development to the RISC-V architecture;
- market acceptance/qualification;
- effective management of inventory levels in line with anticipated product demand;
- our ability to respond to customer requests for new products and software associated with our products;
- our ability to incorporate open source software elements into our products and operate in an open source environment;
- quality problems or other defects in the early stages of new product introduction and problems with compatibility between our products and those of our customers that were not anticipated in the design of those products;
- our ability to increase our software development capability; and
- the effectiveness of our go-to-market capability in selling new products.

***Our strategic relationships subject us to risks that could adversely affect our business, financial condition and results of operations.***

We have entered into strategic relationships with various partners for future product development, sales growth and the supply of technologies, components, equipment and materials for use in our product design and manufacturing, including our partnership with TMC for flash-based memory development and manufacturing. See the risk factor entitled “*Because we are dependent on a limited number of qualified suppliers, a disruption in our supply chain, including a shortage in supply or a supplier’s failure to support us in a timely manner with goods or services at a quality level and cost acceptable to us, or supplier consolidation, could adversely affect our margins, revenues and operating results*” for a further description of the risks associated with our reliance on external suppliers. These strategic relationships are subject to various risks that could adversely affect the value of our investments and our results of operations and financial condition. These risks include, but are not limited to, the following:

- our interests could diverge from our partners’ interests or we may not agree with co-venturers on ongoing activities, technology transitions or on the amount, timing or nature of further investments in the relationship;

- we may experience difficulties and delays in product and technology development at, ramping production at, and transferring technology to, our business ventures;
- our control over the operations of our business ventures is limited;
- due to financial constraints, our co-venturers may be unable to meet their commitments to us or may pose credit risks for our transactions with them;
- due to differing business models, financial constraints or long-term business goals, our partners may decide not to join us in funding capital investment by our business ventures, which may result in higher levels of cash expenditures by us or prevent us from proceeding in the investment;
- we may lose the rights to technology or products being developed by the strategic relationship, including if any of our co-venturers is acquired by another company or otherwise transfers its interest in the business venture, files for bankruptcy or experiences financial or other losses;
- a bankruptcy event involving a co-venturer could result in the early termination or adverse modification of the business venture or agreements governing the business venture;
- we may experience difficulties or delays in collecting amounts due to us from our co-venturers;
- the terms of our arrangements may turn out to be unfavorable; and
- changes in tax, legal or regulatory requirements may necessitate changes in the agreements with our co-venturers.

If our strategic relationships are unsuccessful or there are unanticipated changes in, or termination of, our strategic relationships, our business, results of operations and financial condition may be adversely affected.

***Because we are dependent on a limited number of qualified suppliers, a disruption in our supply chain, including a shortage in supply or a supplier's failure to support us in a timely manner with goods or services at a quality level and cost acceptable to us, or supplier consolidation, could adversely affect our margins, revenues and operating results.***

We depend on an external supply base for technologies, software (including firmware), preamps, controller, components, equipment and materials for use in our product design and manufacturing. We also depend on suppliers for a portion of our wafer testing, chip assembly, product assembly and product testing, and on service suppliers for providing technical support for our products. In addition, we use logistics partners to manage our just-in-time hubs, distribution centers and freight from suppliers to our factories and from our factories to our customers throughout the world. Many of the components and much of the equipment we acquire must be specifically designed to be compatible for use in our products or for developing and manufacturing our future products, and are only available from a limited number of suppliers, some of whom are our sole-source suppliers. We are therefore dependent on these suppliers to be able and willing to dedicate adequate engineering resources to develop components that can be successfully integrated into our products, technology and equipment.

From time to time, our suppliers have experienced difficulty meeting our requirements. If we are unable to purchase sufficient quantities from our current suppliers or qualify and engage additional suppliers, we may not be able to meet demand for our products. Delays or cost increases experienced by our suppliers in developing or sourcing materials and components for use in our products or incompatibility or quality issues relating to our products, could also harm our financial results as well as business relationships with our customers. We do not have long-term contracts with some of our existing suppliers, nor do we always have guaranteed manufacturing capacity with our suppliers and, therefore, we cannot guarantee that they will devote sufficient resources or capacity to manufacturing our products. Any significant problems that occur at our suppliers, or their failure to perform at the level we expect, could lead to product shortages or quality assurance problems, either of which would harm our operating results and financial condition. In addition, if we are unable to purchase sufficient quantities from our current suppliers, we may not be able to engage alternative suppliers who are able or willing to provide goods or services in sufficient quantities or at a cost acceptable to us.

In addition, our supply base has experienced industry consolidation. Our suppliers may be acquired by our competitors, consolidate, decide to exit the industry, or redirect their investments and increase costs to us, each of which may have an adverse effect on our business and operations. In addition, some of our suppliers have experienced a decline in financial performance. Where we rely on a limited number of suppliers or a single supplier, the risk of supplier loss due to industry consolidation or a decline in financial performance is enhanced. Some of our suppliers may also be competitors in other areas of our business, which could lead to difficulties in price negotiations or meeting our supply requirements. Any disruption in our supply chain could reduce our revenue and adversely impact our financial results.

See the risk factors entitled *“We rely substantially on our business ventures with Toshiba Memory Corporation (“TMC”) for the supply of flash-based memory and the development of flash-based technology, which subjects us to risks and uncertainties that could harm our business, financial condition and operating results”* and *“Our strategic relationships subject us to risks that could adversely affect our business, financial condition and results of operations”* for additional risks related to our supply of flash memory and our strategic relationships.

***Price volatility, shortages of critical materials or components, or use by other industries of materials and components used in the storage industry, or contractual commitments we enter into with suppliers to reduce the risk of component shortages, could increase our costs and may negatively impact our operating results.***

Increases in the cost for certain critical materials and components and oil may increase our costs of manufacturing and transporting our products and key components and may result in lower operating margins if we are unable to pass these increased costs on to our customers. Shortages of critical components such as DRAM, flash-based memory and multi-layer ceramic capacitors (MLCC), or materials such as glass substrates, stainless steel, aluminum, nickel, neodymium, ruthenium, platinum or cerium, may increase our costs and may result in lower operating margins if we are unable to find ways to mitigate these increased costs. We or our suppliers acquire certain precious metals and rare earth metals like ruthenium, platinum, neodymium and cerium, which are critical to the manufacture of components in our products from a number of countries, including the People’s Republic of China. The government of China has imposed restrictions (such as trade and tariff actions) and China or other nations may impose other restrictions, quotas or embargoes upon these metals that would restrict the worldwide supply of such metals or increase their cost, both of which could negatively impact our operating results until alternative suppliers are sourced. Furthermore, if other high volume industries increase their demand for materials or components used in our products, our costs may further increase, which could have an adverse effect on our operating margins. In addition, shortages in other components and materials used in our customers’ products could result in a decrease in demand for our products, which would negatively impact our operating results.

To reduce the risk of component shortages, we attempt to provide significant lead times when buying components, which may subject us to cancellation charges if we cancel orders as a result of technology transitions or changes in our component needs. In addition, we may from time to time enter into contractual commitments with component suppliers in an effort to increase and stabilize the supply of those components and enable us to purchase such components at favorable prices. Some of these commitments may require us to buy a substantial number of components from the supplier or make significant cash advances to the supplier; however, these commitments may not result in a satisfactory increase or stabilization of the supply of such components and may cause us to have inadequate or excess component inventory, which could increase our operating costs and adversely affect our operating results.

***The loss of our key executive management, staff and skilled employees, the inability to hire and integrate new employees or decisions to realign our business could negatively impact our business prospects.***

Our success depends upon the continued contributions of our key management, staff and skilled employees, many of whom would be extremely difficult to replace. Global competition for skilled employees in the data storage industry is intense and, as we attempt to move to a position of technology leadership in the storage industry, our business success becomes increasingly dependent on our ability to retain our key staff and skilled employees, to attract, integrate and retain new skilled employees, including employees from acquisitions, and to make decisions to realign our business to take advantage of efficiencies or reduce redundancies. Volatility or lack of positive performance in our stock price and the overall markets may adversely affect our ability to retain key staff or skilled employees who have received equity compensation. Additionally, because a substantial portion of our key employees' compensation is placed "at risk" and linked to the performance of our business, when our operating results are negatively impacted, we may be at a competitive disadvantage for retaining and hiring key management, staff and skilled employees versus other companies that may pay a relatively higher portion of fixed salary. If we lose our existing key management, staff or skilled employees, including to our competitors, or are unable to hire and integrate new key management, staff or skilled employees, or if we fail to implement succession plans for our key management or staff, our operating results would likely be harmed. Furthermore, if we do not realize the anticipated benefits of our intended realignment after we make decisions regarding our personnel and implement our realignment plans, our operating results could be adversely affected.

***Our operations, and those of certain of our suppliers and customers, are concentrated in large, purpose-built facilities, subjecting us to substantial risk of damage or loss if operations at any of these facilities are disrupted.***

As a result of our cost structure and strategy of vertical integration, we conduct our operations at large, high volume, purpose-built facilities in California and throughout Asia. The current concentration of Flash Ventures in Yokkaichi, Japan, magnifies the risks of supply disruption. The facilities of many of our customers, our suppliers and our customers' suppliers are also concentrated in certain geographic locations throughout Asia and elsewhere. A fire, flood, earthquake, tsunami or other natural disaster, condition or event such as a power outage, political instability, civil unrest, localized labor unrest or other employment issues, or a localized health risk that adversely affects any of these facilities or the employees or logistics operators at these facilities, would significantly affect our ability to manufacture or sell our products, which would result in a substantial loss of sales and revenue and a substantial harm to our operating results. In addition, the geographic concentration of our manufacturing sites could exacerbate the negative impacts resulting from any of these problems. A significant event that impacts any of our manufacturing sites, or the sites of our customers or suppliers, could adversely affect our ability to manufacture or sell our products, and our business, financial condition and results of operations could suffer.

We may incur losses beyond the limits of, or outside the scope of, the coverage of our insurance policies. There can be no assurance that in the future we will be able to maintain existing insurance coverage or that premiums will not increase substantially. Due to market availability, pricing or other reasons, we may elect not to purchase insurance coverage or to purchase only limited coverage. We maintain limited insurance coverage and, in some cases, no coverage at all, for natural disasters and environmental damages, as these types of insurance are sometimes not available or available only at a prohibitive cost. We depend upon TMC to obtain and maintain sufficient property, business interruption and other insurance for Flash Ventures. If TMC fails to do so, we could suffer significant unreimbursable losses, and such failure could also cause Flash Ventures to breach various financing covenants.

***Manufacturing, marketing and selling our products globally subjects us to numerous risks.***

Currently, a large portion of our revenue is derived from our international operations, and many of our products and components are produced overseas. Our revenue and future growth is significantly dependent on the growth of international markets, and we may face difficulties in entering or maintaining international sales markets. We are subject to risks associated with our global manufacturing operations and global marketing and sales efforts, as well as risks associated with our utilization of and reliance on contract manufacturers, including:

- obtaining requisite governmental permits and approvals, compliance with foreign laws and regulations, changes in foreign laws and regulations;
- the need to comply with regulations on international business, including the Foreign Corrupt Practices Act, the United Kingdom Bribery Act 2010, the anti-bribery laws of other countries and rules regarding conflict minerals;
- currency exchange rate fluctuations or restrictions;

- political and economic instability, civil unrest and natural disasters;
- limited transportation availability, delays, and extended time required for shipping, which risks may be compounded in periods of price declines;
- higher freight rates;
- labor challenges, including difficulties finding and retaining talent or responding to labor disputes or disruptions;
- trade restrictions, such as export controls, export bans, embargos, sanctions and license and certification requirements (including on encryption technology), new or increased tariffs and fees and complex customs regulations;
- copyright levies or similar fees or taxes imposed in European and other countries;
- exchange, currency and tax controls and reallocations;
- increasing labor and overhead costs;
- weaker protection of IP rights;
- difficulties in managing international operations, including appropriate internal controls; and
- loss or non-renewal of favorable tax treatment under agreements or treaties with foreign tax authorities.

As a result of these risks, our business, results of operations or financial condition could be adversely affected. Some of these risks, such as trade restrictions, higher tariffs and fees, import and export restrictions or loss of favorable tax treatment under agreements or treaties with foreign tax authorities, could increase as a result of changes to trade agreements, policies, rules and regulations. For example, beginning in early 2018, the U.S. commenced certain trade actions, including proposed new and increased tariffs on an evolving list of imported materials and products. Countries have responded to these actions in various ways, including proposed tariff increases on products imported from the U.S. We cannot predict whether, or to what extent, there may be changes to international trade agreements or whether tariffs, export controls, or other restrictions may be changed or imposed on our products, our customers or our supply chain. Such tariffs, policy or regulatory changes, international trade agreements or trade restrictions have in the past adversely affected and may in the future adversely affect our ability to sell to certain customers or could increase our cost of doing business, which could adversely affect our operating results and financial condition.

***We experience sales seasonality and cyclicity, which could cause our operating results to fluctuate.***

Sales of computer systems, mobile devices, storage subsystems, gaming consoles and consumer electronics tend to be seasonal and cyclical, and therefore we expect to continue to experience seasonality and cyclicity in our business as we respond to variations in our customers' demand for our products. However, changes in seasonal and cyclical patterns have made it, and could continue to make it, more difficult for us to forecast demand, especially as a result of the current macroeconomic environment. Changes in the product or channel mix of our business can also impact seasonal and cyclical patterns, adding complexity in forecasting demand. Seasonality and cyclicity also may lead to higher volatility in our stock price. It is difficult for us to evaluate the degree to which seasonality and cyclicity may affect our stock price or business in future periods because of the rate and unpredictability of product transitions and new product introductions and macroeconomic conditions.

***If we fail to identify, manage, complete and integrate acquisitions, investment opportunities or other significant transactions, which are a key part of our growth strategy, it may adversely affect our future results.***

We seek to be an industry-leading developer, manufacturer and provider of innovative storage solutions, balancing our core hard drive and flash memory business with growing investments in newer areas that we believe will provide us with higher growth opportunities. Acquisitions of, investment opportunities in, or other significant transactions with companies that are complementary to our business are a key part of our overall business strategy. In order to pursue this part of our growth strategy successfully, we must continue to identify attractive acquisition or investment opportunities, successfully complete the transactions, some of which may be large and complex, and manage post-closing issues such as integration of the acquired company or employees. We may not be able to continue to identify or complete appealing acquisition or investment opportunities given the intense competition for these transactions. We are also subject to certain covenants in our debt agreements that place limits on our ability to complete acquisitions and investments. Even if we identify and complete suitable corporate transactions, we may not be able to successfully address any integration challenges in a timely manner, or at all. Failing to successfully integrate or realign our business to take advantage of efficiencies or reduce redundancies of an acquisition may result in not realizing all or any of the anticipated benefits of the acquisition. In addition, failing to achieve the financial model projections for an acquisition or changes in technology development and related roadmaps following an acquisition may result in the incurrence of impairment charges and other expenses, both of which could adversely impact our results of operations or financial condition. Acquisitions and investments may also result in the issuance of equity securities that may be dilutive to our shareholders and the issuance of additional indebtedness that would put additional pressure on liquidity. Furthermore, we may agree to provide continuing service obligations or enter into other agreements in order to obtain certain regulatory approvals of our corporate transactions, and failure to satisfy these additional obligations could result in our failing to obtain regulatory approvals or the imposition of additional obligations on us, any of which could adversely affect our business, financial condition and results of operations. In addition, new legislation or additional regulations may affect or impair our ability to invest with or in certain other countries or require us to obtain regulatory approvals to do so, including investments in joint ventures, minority investments and outbound technology transfers to certain countries

***Any cost saving initiatives or restructurings that we undertake may result in disruptions to our operations and may not deliver the results we expect, which may adversely affect our business.***

From time to time, we engage in cost saving initiatives and restructurings that may result in workforce reduction and consolidation of our manufacturing or other facilities. As a result of any cost saving initiatives or restructurings, we may experience a loss of continuity, loss of accumulated knowledge, disruptions to our operations and inefficiency during transitional periods. These actions could also impact employee retention. In addition, we cannot be sure that these actions will be as successful in reducing our overall expenses as we expect or that additional costs will not offset any such reductions or consolidations. If our operating costs are higher than we expect or if we do not maintain adequate control of our costs and expenses, our operating results could be adversely affected.

***Changes in demand for our products, changes in product life cycles and the failure to qualify our products and achieve design wins with our customers could adversely affect our sales, margins, ASPs and our ability to recover the cost of product development.***

Events or circumstances that impact demand in the markets for our products, or our inability to address that demand successfully, could materially adversely impact our operating results. For example, demand for our products may be affected by, among other factors, the following:

- inconsistent demand from customers whose sales are correlated to large projects and expansions which can be sporadic;
- internal customer development of storage solutions;
- developments in the regulation and enforcement of digital rights management;
- emergence of new technologies;
- volatility in demand due to differing patterns of technology adoption and innovation; or
- concerns about data protection by end users.

If we are not able to respond to these or other events or circumstances that impact demand for our products, it could lead to our customers' storage needs being satisfied by competing storage technologies, thereby decreasing our sales. As a result, even with increasing aggregate demand for digital storage, if we fail to anticipate or timely respond to the demand for storage, our sales, ASPs and gross margin could decline, which could adversely affect our operating results and financial condition.

Product life cycles may lengthen or shorten, both of which could adversely affect gross margins or our ability to recover the cost of product development.

We regularly engage in new product qualification with our customers, and the product qualification process may be lengthy for some customers. Once a product is accepted for qualification testing, failures or delays in the qualification process can result in delayed or reduced product sales, reduced product margins or lost sales to that customer until the next generation of products is introduced. Even if our products meet customer specifications, our sales to these customers are dependent upon the customers choosing our products over those of our competitors and purchasing our products in sufficient volume, our ability to supply our products in sufficient quantity and in a timely manner and, with respect to OEM partners, the OEMs' ability to create, market and successfully sell products containing our solutions.

***Our high level of debt may have an adverse impact on our liquidity, restrict our current and future operations, particularly our ability to respond to business opportunities, and increase our vulnerability to adverse economic and industry conditions.***

As of March 29, 2019, our total indebtedness was \$10.76 billion in aggregate principal, and we had \$2.25 billion of additional borrowing availability under our revolving credit facility.

Our high level of debt could have significant consequences, which include, but are not limited to, the following:

- limiting our ability to obtain additional financing in the future for working capital, capital expenditures, acquisitions or other general corporate purposes;
- requiring a substantial portion of our cash flows to be dedicated to debt service payments instead of other purposes, thereby reducing the amount of cash flows available for working capital, capital expenditures, acquisitions, R&D and other general corporate purposes;
- imposing financial and other restrictive covenants on our operations, including limiting our ability to (i) declare or pay dividends or repurchase shares of our common stock; (ii) purchase assets, make investments, complete acquisitions, consolidate or merge with or into, or sell all or substantially all of our assets to, another person; (iii) dispose of assets; (iv) incur liens; and (v) enter into transactions with affiliates;
- placing us at a competitive disadvantage to competitors carrying less debt; and
- making us more vulnerable to economic downturns and limiting our ability to withstand competitive pressures or take advantage of new opportunities to grow our business.

Our ability to meet the debt service obligations and to comply with the financial and other restrictive covenants contained in our debt agreements will depend on our cash flows and future performance, which will be affected by financial, business, economic and other factors. Our bank debt also contains a variable interest rate component based on our corporate credit ratings, which could result in increased interest rates and debt service obligations if our ratings were to decline. If we are unable to meet our debt service obligations or should we fail to comply with our financial and other restrictive covenants contained in the agreements governing our indebtedness, it could result in an event of default under the applicable indebtedness. We may be unable to cure, or obtain a waiver of, an event of default or otherwise amend our debt agreements to prevent an event of default thereunder on terms acceptable to us or at all. In that event, the debt holders could accelerate the related debt, which may result in the cross-acceleration or cross-default of other debt, leases or other obligations. If we are required to repay our indebtedness before the applicable due dates, we may not have sufficient funds available and we may be required to refinance all or part of our debt, sell important strategic assets at unfavorable prices, incur additional indebtedness or issue common stock or other equity securities, which we may be unable to do on terms acceptable to us, in amounts sufficient to meet our needs or at all. Our inability to service our debt obligations or refinance our debt could have a material adverse effect on our business, operating results and financial condition. Further, if we are unable to repay, refinance or restructure our secured indebtedness, the holder of such debt could proceed against the collateral securing that indebtedness. Refinancing our indebtedness may also require us to expense previous debt issuance costs or to incur new debt issuance costs.

In addition to our credit ratings impacting the interest rate on our current debt, our ratings impact the cost and availability of future borrowings and, accordingly, our cost of capital. Our ratings reflect the opinions of the ratings agencies of our financial strength, operating performance and ability to meet our debt obligations. There can be no assurance that we will achieve a particular rating or maintain a particular rating in the future.

Our credit agreement uses LIBOR as a reference rate for our term loans and revolving credit facility, such that the interest rate applicable to such loans may, at our option, be calculated based on LIBOR. In July 2017, the U. K.'s Financial Conduct Authority, which regulates LIBOR, announced that it intends to phase out LIBOR by the end of 2021. The U.S. Federal Reserve has begun publishing a Secured Overnight Funding Rate ("SOFR"), which is intended to replace U.S. dollar LIBOR. Plans for alternative reference rates for other currencies have also been announced. At this time, we cannot predict how markets will respond to these proposed alternative rates or the effect of any changes to LIBOR or the discontinuation of LIBOR. If LIBOR is no longer available or if our lenders have increased costs due to changes in LIBOR, we may experience potential increases in interest rates on our variable rate debt, which could adversely impact our interest expense, results of operations and cash flows.

We may from time to time seek to further refinance our substantial indebtedness by issuing additional shares of our common stock in one or more securities offerings. These securities offerings may dilute our existing shareholders, reduce the value of our common stock, or both. Because our decision to issue securities will depend on, among other things, market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing or nature of any future securities offerings. Thus, holders of our common stock bear the risk of our future offerings diluting and potentially reducing the value of our common stock.

***Changes in tax laws could increase our worldwide tax rate and materially affect our financial position and results of operations.***

On December 22, 2017, the President of the United States of America signed the Tax Cuts and Jobs Act (the "2017 Act"), which includes a broad range of tax reform proposals affecting businesses, including a reduction in the U.S. federal corporate tax rate from 35% to 21%, a one-time mandatory deemed repatriation tax on earnings of certain foreign subsidiaries that were previously tax deferred, and a new minimum tax on certain foreign earnings. The 2017 Act significantly impacted our effective tax rate for fiscal year 2018 and also impacted our effective tax rate for the first, second and third quarters of fiscal 2019. Taxes due over a period of time as a result of the 2017 Act could be accelerated upon certain triggering events, including failure to pay such taxes when due. We have completed our analysis of the impact of the 2017 Act within the one-year measurement period allowed by the Securities and Exchange Commission. However, we may see future regulatory, administrative or legislative guidance which may further impact our effective tax rate.

In addition, many countries in the European Union and around the globe have adopted and/or proposed changes to current tax laws. Further, organizations such as the Organization for Economic Cooperation and Development, have published action plans that, if adopted by countries where we do business, could increase our tax obligations in these countries. Due to the large scale of our U.S. and international business activities, many of these enacted and proposed changes to the taxation of our activities could increase our worldwide effective tax rate and harm our financial position and results of operations.

***We are subject to risks associated with loss or non-renewal of favorable tax treatment under agreements or treaties with foreign tax authorities.***

Portions of our operations are subject to a reduced tax rate or are free of tax under various tax holidays that expire in whole or in part from time to time, or may be terminated if certain conditions are not met. Although many of these holidays may be extended when certain conditions are met, we may not be able to meet such conditions. If the tax holidays are not extended, or if we fail to satisfy the conditions of the reduced tax rate, then our effective tax rate could increase in the future.

***From time to time we may become subject to income tax examinations or similar proceedings, and as a result we may incur additional costs and expenses or owe additional taxes, interest and penalties that may negatively impact our operating results.***

We are subject to income taxes in the U.S. and certain foreign jurisdictions, and our determination of our tax liability is subject to review by applicable domestic and foreign tax authorities. For example, as we have previously disclosed, we are under examination by the Internal Revenue Service for certain fiscal years and in connection with that examination, we received statutory notices of deficiency seeking certain adjustments to income and have filed petitions with the U.S. Tax Court as disclosed in Part I, Item 1, Note 11, *Income Tax Expense (Benefit)*, of the Notes to Condensed Consolidated Financial Statements included in this Quarterly Report on Form 10-Q. Although we believe our tax positions are properly supported, the final timing and resolution of any tax examinations are subject to significant uncertainty and could result in our having to pay significant amounts to the applicable tax authority in order to resolve examination of our tax positions, which could result in an increase or decrease of our current estimate of unrecognized tax benefits and may negatively impact our financial position, results of operations or cash flows.

***If our technology infrastructure, systems or products are compromised, damaged or interrupted by cyber attacks, data security breaches, other security problems, security vulnerabilities or design defects, or sustain system failures, our operating results and financial condition could be adversely affected.***

We experience cyber attacks of varying degrees on our technology infrastructure and systems and, as a result, unauthorized parties have obtained in the past, and may in the future obtain, access to our computer systems and networks, including cloud-based platforms. The technology infrastructure and systems of our suppliers, vendors, service providers, cloud solution providers and partners have in the past experienced and may in the future experience such attacks. Cyber attacks can include computer viruses, computer denial-of-service attacks, worms, and other malicious software programs or other attacks, covert introduction of malware to computers and networks, impersonation of authorized users, and efforts to discover and exploit any design flaws, bugs, security vulnerabilities or security weaknesses, as well as intentional or unintentional acts by employees or other insiders with access privileges, intentional acts of vandalism or fraud by third parties and sabotage. In some instances, efforts to correct vulnerabilities or prevent attacks may reduce the performance of our computer systems and networks, which could negatively impact our business. We believe cyber attack attempts are increasing in number and that cyber attackers are developing increasingly sophisticated systems and means to not only attack systems, but also to evade detection or to obscure their activities. Our products are also targets for cyber attacks, including those products utilized in cloud-based environments as well as our cloud service offerings. While some of our products contain encryption or security algorithms to protect third-party content or user-generated data stored on our products, these products could still be hacked or the encryption schemes could be compromised, breached, or circumvented by motivated and sophisticated attackers. We have agreed with certain customers and strategic partners, including TMC, to undertake certain commitments to promote information security, and we may be liable to TMC or such other parties if we fail to meet our cyber security commitments.

In addition, our technology infrastructure and systems are vulnerable to damage or interruption from natural disasters, power loss and telecommunications failures. Further, our products contain sophisticated hardware and operating system software and applications that may contain security problems, security vulnerabilities, or defects in design or manufacture, including “bugs” and other problems that could interfere with the intended operation of our products.

If efforts to breach our infrastructure, systems or products are successful or we are unable to protect against these risks, we could suffer interruptions, delays, or cessation of operations of our systems, and loss or misuse of proprietary or confidential information, IP, or sensitive or personal information. Breaches of our infrastructure, systems or products could also cause our customers and other affected third parties to suffer loss or misuse of proprietary or confidential information, IP, or sensitive or personal information, and could harm our relationships with customers and other third parties. As a result, we could experience additional costs, indemnification claims, litigation, and damage to our brand and reputation. All of these consequences could harm our reputation and our business and materially and adversely affect our operating results and financial condition.

***Sales in the distribution channel and to the retail market are important to our business, and if we fail to respond to demand changes within these markets, or maintain and grow our applicable market share, our operating results could suffer.***

Our distribution customers typically sell to small computer manufacturers, dealers, systems integrators and other resellers. We face significant competition in this channel as a result of limited product qualification programs and a significant focus on price and availability of product. In addition, the PC market is experiencing a shift to notebook and other mobile devices and, as a result, more computing devices are being delivered to the market as complete systems, which could weaken the distribution market. If we fail to respond to changes in demand in the distribution market, our operating results could suffer. Additionally, if the distribution market weakens as a result of a slowing PC growth rate, technology transitions or a significant change in consumer buying preference, or if we experience significant price declines due to demand changes in the distribution channel, then our operating results would be adversely affected. Negative changes in the credit-worthiness or the ability to access credit, or the bankruptcy or shutdown of any of our significant retail or distribution partners would harm our revenue and our ability to collect outstanding receivable balances.

A significant portion of our sales is also made through retailers. Our success in the retail market depends in large part on our ability to maintain our brand image and corporate reputation and to expand into and gain market acceptance of our products in multiple retail market channels. Particularly in the retail market, adverse publicity, whether or not justified, or allegations of product or service quality issues, even if false or unfounded, could damage our reputation and cause our customers to choose products offered by our competitors. If customers no longer maintain a preference for our product brands or if our retailers are not successful in selling our products, our operating results may be adversely affected.

***Loss of market share with or by a key customer, or consolidation among our customer base, could harm our operating results.***

During the three months ended March 29, 2019, 41% of our revenue came from sales to our top 10 customers. These customers have a variety of suppliers to choose from and therefore can make substantial demands on us, including demands on product pricing and on contractual terms, often resulting in the allocation of risk to us as the supplier. Our ability to maintain strong relationships with our principal customers is essential to our future performance. If we lose a key customer, if our sales to a key customer are prohibited by law, regulation or other government action, if any of our key customers reduce their orders of our products or require us to reduce our prices before we are able to reduce costs, if a customer is acquired by one of our competitors or if a key customer suffers financial hardship, our operating results and financial condition would likely be harmed.

Additionally, if there is consolidation among our customer base, our customers may be able to command increased leverage in negotiating prices and other terms of sale, which could adversely affect our profitability. Consolidation among our customer base may also lead to reduced demand for our products, increased customer pressure on our prices, replacement of our products by the combined entity with those of our competitors and cancellations of orders, each of which could harm our operating results.

Also, the storage ecosystem is constantly evolving, and our traditional customer base is changing. Fewer companies now hold greater market share for certain applications and services, such as mobile, social media, shopping and streaming media. As a result, the competitive landscape is changing, giving these companies increased leverage in negotiating prices and other terms of sale, which could adversely affect our profitability. In addition, the changes in our evolving customer base create new selling and distribution patterns to which we must adapt. To remain competitive, we must respond to these changes by ensuring we have proper scale in this evolving market, as well as offer products that meet the technological requirements of this customer base at competitive pricing points. To the extent we are not successful in adequately responding to these changes, our operating results and financial condition could be harmed.

***We make significant investments in R&D to improve our technology and develop new technologies, and unsuccessful investments or investments that are not cost effective could materially adversely affect our business, financial condition and results of operations.***

We make significant R&D investments to maintain our existing products and to lead innovation and development of new technologies. In addition, we may increase our capital expenditures and expenses above our historical run-rate model in order to remain competitive. The challenges of reducing operating costs could result in more costly capital expenditures that reduce the cost benefits of technology transitions and could limit our ability to keep pace with reductions in ASPs. Our R&D investments may not result in viable technologies or products, and even if they do result in viable technologies or products, they may not be profitable or accepted by the market. In addition, if we are not able to improve our technology or develop new technologies at the same rate as our competitors or at a rate that is expected by our customers, we may be required to incur additional costs to meet demand without corresponding incremental revenue, which could negatively impact our operating margins and make achieving historical levels of cost reduction difficult or unlikely. Significant investments in unsuccessful or cost-ineffective R&D efforts could materially adversely affect our business, financial condition and results of operations. In addition, increased investments in technology could cause our cost structure to fall out of alignment with demand for our products, which would have a negative impact on our financial results.

***We are subject to risks related to product defects or the unintended use or security breaches of our products, which could result in product recalls or epidemic failures and could subject us to warranty claims in excess of our warranty provisions or which are greater than anticipated, litigation or indemnification claims.***

We warrant the majority of our products for periods of one to five years. We test our products in our manufacturing facilities through a variety of means. However, our testing may fail to reveal defects in our products that may not become apparent until after the products have been sold into the market. In addition, our products may be used in a manner that is not intended or anticipated by us, resulting in potential liability. Accordingly, there is a risk that product defects will occur, which could require a product recall. Product recalls can be expensive to implement. As part of a product recall, we may be required or choose to replace the defective product. Moreover, there is a risk that product defects may trigger an epidemic failure clause in a customer agreement. If an epidemic failure occurs, we may be required to replace or refund the value of the defective product and to cover certain other costs associated with the consequences of the epidemic failure. In addition, product defects, product recalls or epidemic failures may cause damage to our reputation or customer relationships, lost revenue, indemnification for a recall of our customers' products, warranty claims, litigation or loss of market share with our customers, including our OEM and original design manufacturers ("ODM") customers. Our business liability insurance may be inadequate or future coverage may be unavailable on acceptable terms, which could adversely impact our operating results and financial condition.

Our standard warranties contain limits on damages and exclusions of liability for consequential damages and for misuse, improper installation, alteration, accident or mishandling while in the possession of someone other than us. We record an accrual for estimated warranty costs at the time revenue is recognized. We may incur additional expenses if our warranty provision do not reflect the actual cost of resolving issues related to defects in our products, whether as a result of a product recall, epidemic failure or otherwise. If these additional expenses are significant, it could adversely affect our business, financial condition and operating results.

Certain of our products contain encryption or security algorithms to protect third party content and user-generated data stored on our products. To the extent our products are hacked or the encryption schemes are compromised or breached, this could harm our business by hurting our reputation, requiring us to employ additional resources to fix the errors or defects and expose us to litigation and indemnification claims.

In addition, third-party components or applications that we incorporate or use in our products may contain defects in design or manufacturing that could unexpectedly result in epidemic failures, security vulnerabilities or performance issues and subject us to liability.

***We and certain of our officers are at times involved in litigation, investigations and governmental proceedings, which may be costly, may divert the efforts of our key personnel and could result in adverse court rulings, fines or penalties, which could materially harm our business.***

We are involved in litigation, including cases involving our IP rights and those of others, antitrust and commercial matters, putative securities class action suits and other actions. We are the plaintiff in some of these actions and the defendant in others. Some of the actions seek injunctive relief, including injunctions against the sale of our products, and substantial monetary damages, which if granted or awarded, could materially harm our business, financial condition and operating results. From time to time, we may also be the subject of inquiries, requests for information, investigations and actions by government and regulatory agencies regarding our businesses. Any such matters could result in material adverse consequences to our results of operations, financial condition or ability to conduct our business, including fines, penalties or restrictions on our business activities.

Litigation is subject to inherent risks and uncertainties that may cause actual results to differ materially from our expectations. In the event of an adverse outcome in any litigation, investigation or governmental proceeding, we could be required to pay substantial damages, fines or penalties and cease certain practices or activities, including the manufacture, use and sale of products. With or without merit, such matters can be complex, can extend for a protracted period of time, can be very expensive and the expense can be unpredictable. Litigation initiated by us could also result in counter-claims against us, which could increase the costs associated with the litigation and result in our payment of damages or other judgments against us. In addition, litigation, investigations or governmental proceedings and any related publicity may divert the efforts and attention of some of our key personnel and may also harm the market prices of our securities.

We may be obligated to indemnify our current or former directors or employees, or former directors or employees of companies that we have acquired, in connection with litigation, investigations or governmental proceedings. These liabilities could be substantial and may include, among other things: the costs of defending lawsuits against these individuals; the cost of defending shareholder derivative suits; the cost of governmental, law enforcement or regulatory investigations or proceedings; civil or criminal fines and penalties; legal and other expenses; and expenses associated with the remedial measures, if any, which may be imposed.

***We are subject to laws, rules, and regulations in the U.S. and other countries relating to the collection, use, sharing, and security of third-party data including personal data, and our failure to comply with these laws, rules and regulations could subject us to proceedings by governmental entities or others and cause us to incur penalties, significant legal liability, or loss of customers, loss of revenue, and reputational harm.***

We are subject to laws, rules, and regulations in the U.S. and other countries relating to the collection, use, and security of third-party data including data that relates to or identifies an individual person. In many cases, these laws apply not only to third-party transactions, but also to transfers of information between us and our subsidiaries, and among us, our subsidiaries and other parties with which we have commercial relations. Our possession and use of third-party data, including personal data and employee data in conducting our business, subjects us to legal and regulatory burdens that may require us to notify vendors, customers or employees or other parties with which we have commercial relations of a data security breach and to respond to regulatory inquiries and to enforcement proceedings. Global privacy and data protection legislation, enforcement, and policy activity in this area are rapidly expanding and evolving, and may be inconsistent from jurisdiction to jurisdiction. Compliance requirements and even our inadvertent failure to comply with applicable laws may cause us to incur substantial costs, subject us to proceedings by governmental entities or others, and cause us to incur penalties or other significant legal liability, or lead us to change our business practices.

***The nature of our industry and its reliance on IP and other proprietary information subjects us and our suppliers, customers and partners to the risk of significant litigation.***

The data storage industry has been characterized by significant litigation. This includes litigation relating to patent and other IP rights, product liability claims and other types of litigation. We have historically been involved in frequent disputes regarding patent and other IP rights, and we have in the past received, and we may in the future receive, communications from third parties asserting that certain of our products, processes or technologies infringe upon their patent rights, copyrights, trademark rights or other IP rights. We may also receive claims of potential infringement if we attempt to license IP to others. IP risks increase when we enter into new markets where we have little or no IP protection as a defense against litigation. The complexity of the technology involved and the uncertainty of IP litigation increase the IP risks we face. Litigation can be expensive, lengthy and disruptive to normal business operations. Moreover, the results of litigation are inherently uncertain and may result in adverse rulings or decisions. We may be subject to injunctions, enter into settlements or be subject to judgments that may, individually or in the aggregate, have a material adverse effect on our business, financial condition or operating results.

If we incorporate third-party technology into our products or if claims or actions are asserted against us for alleged infringement of the IP of others, we may be required to obtain a license or cross-license, modify our existing technology or design a new non-infringing technology. Such licenses or design modifications can be extremely costly. We evaluate notices of alleged patent infringement and notices of patents from patent holders that we receive from time to time. We may decide to settle a claim or action against us, which settlement could be costly. We may also be liable for any past infringement. If there is an adverse ruling against us in an infringement lawsuit, an injunction could be issued barring production or sale of any infringing product. It could also result in a damage award equal to a reasonable royalty or lost profits or, if there is a finding of willful infringement, treble damages. Any of these results would increase our costs and harm our operating results. In addition, our suppliers, customers and partners are subject to similar risks of litigation, and a material, adverse ruling against a supplier, customer or partner could negatively impact our business.

Moreover, from time to time, we agree to indemnify certain of our suppliers and customers for alleged IP infringement. The scope of such indemnity varies but may include indemnification for direct and consequential damages and expenses, including attorneys' fees. We may be engaged in litigation as a result of these indemnification obligations. Third party claims for patent infringement are excluded from coverage under our insurance policies. A future obligation to indemnify our customers or suppliers may harm our business, financial condition and operating results.

***Our reliance on IP and other proprietary information subjects us to the risk that these key ingredients of our business could be copied by competitors.***

Our success depends, in significant part, on the proprietary nature of our technology, including non-patentable IP such as our process technology. We primarily rely on patent, copyright, trademark and trade secret laws, as well as nondisclosure agreements and other methods, to protect our proprietary technologies and processes. There can be no assurance that our existing patents will continue to be held valid, if challenged, or that they will have sufficient scope or strength to protect us. It is also possible that competitors or other unauthorized third parties may obtain, copy, use or disclose, illegally or otherwise, our proprietary technologies and processes, despite our efforts to protect our proprietary technologies and processes. If a competitor is able to reproduce or otherwise capitalize on our technology despite the safeguards we have in place, it may be difficult, expensive or impossible for us to obtain necessary legal protection. There are entities whom we believe may infringe our IP. Enforcement of our rights often requires litigation. If we bring a patent infringement action and are not successful, our competitors would be able to use similar technology to compete with us. Moreover, the defendant in such an action may successfully countersue us for infringement of their patents or assert a counterclaim that our patents are invalid or unenforceable. Also, the laws of some foreign countries may not protect our IP to the same extent as do U.S. laws. In addition to patent protection of IP rights, we consider elements of our product designs and processes to be proprietary and confidential. We rely upon employee, consultant and vendor non-disclosure agreements and contractual provisions and a system of internal safeguards to protect our proprietary information. However, any of our registered or unregistered IP rights may be challenged or exploited by others in the industry, which could harm our operating results.

The success of our branded products depends in part on the positive image that consumers have of our brands. We believe the popularity of our brands makes them a target of counterfeiting or imitation, with third parties attempting to pass off counterfeit products as our products. Any occurrence of counterfeiting, imitation or confusion with our brands could adversely affect our reputation and impair the value of our brands, which in turn could negatively impact sales of our branded products, our share and our gross margin, as well as increase our administrative costs related to brand protection and counterfeit detection and prosecution.

***The costs of compliance with state, federal and international legal and regulatory requirements, such as environmental, labor, trade, health, safety, data privacy, anti-corruption and tax regulations, customers' standards of corporate citizenship, and industry and coalition standards, such as those established by the Responsible Business Alliance ("RBA"), could cause an increase in our operating costs.***

We are subject to, and may become subject to additional, state, federal and international laws and regulations governing our environmental, labor, trade, health, safety, data privacy, anti-corruption and tax practices. These laws and regulations, particularly those applicable to our international operations, are or may be complex, extensive and subject to change. We will need to ensure that we and our suppliers and partners timely comply with such laws and regulations, which may result in an increase in our operating costs. Legislation has been, and may in the future be, enacted in locations where we manufacture or sell our products. In addition, climate change and financial reform legislation is a significant topic of discussion and has generated and may continue to generate federal, international or other regulatory responses in the near future. If we or our suppliers or partners fail to timely comply with applicable legislation, our customers may refuse to purchase our products or we may face increased operating costs as a result of taxes, fines or penalties, or legal liability and reputational damage, which would have a materially adverse effect on our business, operating results and financial condition.

In connection with our compliance with environmental laws and regulations, as well as our compliance with industry and coalition environmental initiatives, such as those established by the RBA, the standards of business conduct required by some of our customers, and our commitment to sound corporate citizenship in all aspects of our business, we could incur substantial compliance and operating costs and be subject to disruptions to our operations and logistics. In addition, if we were found to be in violation of these laws or noncompliant with these initiatives or standards of conduct, we could be subject to governmental fines, liability to our customers and damage to our reputation and corporate brand which could cause our financial condition and operating results to suffer.

***Violation of applicable laws, including labor or environmental laws, and certain other practices by our suppliers, customers or partners could harm our business.***

We expect our suppliers, customers and partners to operate in compliance with applicable laws and regulations, including labor and environmental laws, and to otherwise meet our required standards of conduct. While our internal operating guidelines promote ethical business practices, we do not control our suppliers, customers, partners or their labor or environmental practices. The violation of labor, environmental or other laws by any of them, or divergence of their business practices from those generally accepted as ethical, could harm our business by interrupting or otherwise disrupting the shipment of our product components, damaging our reputation, forcing us to find alternate component sources, reducing demand for our products (for example, through a consumer boycott), or exposing us to potential liability for our suppliers', customers' or partners' wrongdoings.

***Our failure to accurately forecast market and customer demand for our products, or to quickly adjust to forecast changes, could adversely affect our business and financial results or operating efficiencies.***

The data storage industry faces difficulties in accurately forecasting market and customer demand for its products. The variety and volume of products we manufacture are based in part on these forecasts. Accurately forecasting demand has become increasingly difficult for us, our customers and our suppliers in light of the volatility in global economic conditions and industry consolidation, resulting in less availability of historical market data for certain product segments. Further, for many of our OEMs utilizing just-in-time inventory, we do not generally require firm order commitments and instead receive a periodic forecast of requirements, which may prove to be inaccurate. In addition, because our products are designed to be largely interchangeable with competitors' products, our demand forecasts may be impacted significantly by the strategic actions of our competitors. As forecasting demand becomes more difficult, the risk that our forecasts are not in line with demand increases. If our forecasts exceed actual market demand, then we could experience periods of product oversupply, excess inventory, and price decreases, which could impact our sales, ASPs and gross margin, thereby adversely affecting our operating results and our financial condition. If market demand increases significantly beyond our forecasts or beyond our ability to add manufacturing capacity, then we may not be able to satisfy customer product needs, possibly resulting in a loss of market share if our competitors are able to meet customer demands. In addition, some of our components have long lead-times, requiring us to place orders several months in advance of anticipated demand. Such long lead-times increase the risk of excess inventory or loss of sales in the event our forecasts vary substantially from actual demand.

***Our vertical integration of some of our products makes us dependent on our ability to timely and cost-effectively develop products with leading technology and overall quality, increasing capital expenditure costs and asset utilization risks for our business.***

We develop flash-based memory as well as other non-volatile memory technology through our partnership with TMC; we are also vertically integrated in a substantial portion of the recording heads and magnetic media used in the hard drive products we produce. Consequently, for some of our products, we are more dependent upon our own development and execution efforts and less able to take advantage of technologies developed by other manufacturers. Since we may not have access to alternative technologies that we do not develop internally, we may have to pay royalties in order to access those technologies.

In addition, we may be unsuccessful in timely and cost-effectively developing and manufacturing products using future technologies. We also may not effectively transition our design and technology to achieve acceptable manufacturing yields using the technologies necessary to satisfy our customers' product needs, or we may encounter quality problems with the products we manufacture. If we are unable to timely and cost-effectively develop products with leading technology and overall quality, continuing the cost reductions necessary to maintain adequate gross margin and our ability to sell our products may be significantly diminished, which could materially and adversely affect our business and financial results.

Further, as a result of our vertical integration of some of our products, we make more capital investments and carry a higher percentage of fixed costs than we would if we were not vertically integrated. If our overall level of production decreases for any reason, and we are unable to reduce our fixed costs to match sales, some of our assets may face underutilization that may impact our operating results. We are therefore subject to additional risks related to overall asset utilization, including the need to operate at high levels of utilization to drive competitive costs and the need for assured supply of components that we do not manufacture ourselves. In addition, as a result of adverse labor rates or availability, we may be required to increase investments in automation, which may cause our capital expenditures to increase. If we do not adequately address these challenges, our ongoing operations could be disrupted, resulting in a decrease in our revenue or profit margins and negatively impacting our operating results.

***Terrorist attacks may adversely affect our business and operating results.***

The continued threat of terrorist activity and other acts of war or hostility have created, and may continue to create, uncertainty in the financial and insurance markets and have significantly increased the political, economic and social instability in some of the geographic areas in which we, our suppliers or our customers operate. Additionally, it is uncertain what impact the reactions to such acts by various governmental agencies and security regulators worldwide will have on shipping costs. Future acts of terrorism, either domestically or abroad, could create further uncertainties and instability. To the extent this results in disruption or delays of our manufacturing capabilities, R&D activities (including our operations in Israel) or shipments of our products, our business, operating results and financial condition could be adversely affected. Any of these events could also increase volatility in the U.S. and world financial markets, which could have a negative effect on our stock price and may limit the capital resources available to us and our customers or suppliers, or adversely affect consumer confidence.

***Sudden disruptions to the availability of air transportation, or ocean or land freight lanes, could have an impact on our operations.***

We generally ship our products to our customers, and receive shipments from our suppliers, via air, ocean or land freight. The sudden unavailability or disruption of air transportation, cargo operations or ocean, rail or truck freight lanes caused by, among other things, labor difficulties or disputes, severe weather patterns or other natural disasters, or political instability or civil unrest, could impact our operating results by impairing our ability to timely and efficiently receive shipments from our suppliers or deliver our products.

***Our license and royalty revenue may fluctuate or decline significantly in the future due to license agreement expirations or renewals, declines in sales of the products or use of technology underlying the license and royalty revenue by our licensees, or if licensees fail to perform on a portion or all of their contractual obligations.***

If our existing licensees do not renew their licenses upon expiration, renew or sign new agreements on less favorable terms, exercise their option to terminate the license or fail to exercise their option to extend the licenses, or we are not successful in signing new licensees in the future, our license revenue, profitability and cash provided by operating activities would be harmed and we may incur significant patent litigation costs to enforce our patents against these licensees. As our older patents expire, and the coverage of our newer patents may be different, it may be more difficult to negotiate or renew favorable license agreement terms or a license agreement at all. Our agreements may require us in certain instances to recognize license revenue related to a particular licensee all in one period instead of over time, which could create additional volatility in our licensing revenue. A portion of our license and royalty revenue is based on sales of product categories as well as the underlying technology, and fluctuations in the sales of those products or technology adoption rates would also result in fluctuations in the license and royalty revenue due to us under our agreements. If our licensees or we fail to perform on contractual obligations, we may incur costs to enforce or defend the terms of our licenses and there can be no assurance that our enforcement, defense or collection efforts will be effective. If we license new IP from third parties or existing licensees, we may be required to pay license fees, royalty payments or offset existing license revenue. We may enter into agreements with customers, suppliers or partners that could limit our ability to monetize our IP or could result in us being required to provide IP indemnification to our customers, suppliers or partners. In addition, we may be subject to disputes, claims or other disagreements on the timing, amount or collection of royalties or license payments under our license agreements.

***Flash Ventures' equipment lease agreements contain covenants and other cancellation events, and cancellation of the leases would harm our business, operating results and financial condition.***

Flash Ventures sells to and leases back from a consortium of financial institutions (“lessors”) a portion of its equipment and Flash Ventures has entered into equipment lease agreements, most of which we and TMC each guarantee half of the total outstanding obligations and some of which we guarantee in full for our share of the Flash Ventures investment. As of March 29, 2019, the portion of outstanding Flash Ventures' lease obligations covered by our guarantees totaled approximately \$1.42 billion, based upon the Japanese yen to U.S. dollar exchange rate at March 29, 2019. The equipment lease agreements contain covenants and cancellation events that are customary for Japanese lease facilities and that relate to Flash Ventures and each of the guarantors. Cancellation events relating to the guarantors include, among other things, an assignment of all or a substantial part of a guarantor's business, a bankruptcy event involving a guarantor and acceleration of other monetary debts of a guarantor above a specified threshold.

The breach of a covenant or the occurrence of another cancellation event could result in an acceleration of the Flash Ventures' lease obligations. If a cancellation event were to occur, Flash Ventures would be required to negotiate a resolution with the lessors, as well as other parties to the lease transactions, to avoid cancellation and acceleration of the lease obligations. Such resolution could include, among other things, supplementary security to be supplied by us, as guarantor, increased interest rates or waiver fees. If a cancellation event occurs and we fail to reach a resolution, we may be required to pay all or a portion of the outstanding lease obligations covered by our guarantees, which would significantly reduce our cash position and may force us to seek additional financing, which may not be available on terms acceptable to us, if at all.

***Any decisions to reduce or discontinue paying cash dividends to our shareholders or to reduce or discontinue repurchases of shares of our common stock pursuant to our previously announced stock repurchase program could cause the market price for our common stock to decline.***

We may modify, suspend or cancel our cash dividend policy in any manner and at any time. In addition, we may reduce or discontinue repurchases of shares of our common stock as we deem appropriate and as market conditions allow. Any reduction or discontinuance by us of the payment of quarterly cash dividends or the repurchases of our common stock pursuant to our stock repurchase program could cause the market price of our common stock to decline. Moreover, in the event our payment of quarterly cash dividends or repurchases of shares of our common stock are reduced or discontinued, our failure or inability to resume paying cash dividends or repurchasing shares of our common stock at historical levels could cause the market price of our common stock to decline.

***Fluctuations in currency exchange rates as a result of our international operations may negatively affect our operating results.***

Because we manufacture and sell our products abroad, our revenue, cost of revenue, margins, operating costs and cash flows are impacted by fluctuations in foreign currency exchange rates. If the U.S. dollar exhibits sustained weakness against most foreign currencies, the U.S. dollar equivalents of unhedged manufacturing costs could increase because a significant portion of our production costs are foreign-currency denominated. Conversely, there would not be an offsetting impact to revenues since revenues are substantially U.S. dollar denominated. Additionally, we negotiate and procure some of our component requirements in U.S. dollars from non-U.S. based vendors. If the U.S. dollar weakens against other foreign currencies, some of our component suppliers may increase the price they charge for their components in order to maintain an equivalent profit margin. In addition, our purchases of flash-based memory from Flash Ventures and our investment in Flash Ventures are denominated in Japanese yen. If the Japanese yen appreciates against the U.S. dollar, our cost of purchasing flash-based memory wafers and the cost to us of future capital funding of Flash Ventures would increase, which could negatively impact our operating results. If any of these events occur, they would have a negative impact on our operating results.

Prices for our products are substantially U.S. dollar denominated, even when sold to customers that are located outside the U.S. Therefore, as a substantial portion of our sales are from countries outside the U.S., fluctuations in currency exchanges rates, most notably the strengthening of the U.S. dollar against other foreign currencies, contribute to variations in sales of products in impacted jurisdictions and could adversely impact demand and revenue growth. In addition, currency variations can adversely affect margins on sales of our products in countries outside the U.S.

We attempt to manage the impact of foreign currency exchange rate changes by, among other things, entering into short-term, foreign exchange contracts. However, these contracts do not cover our full exposure, and can be canceled by the counterparty if currency controls are put in place. Thus, our decisions and hedging strategy with respect to currency risks may not be successful and harm our operating results. Further, the ability to enter into foreign exchange contracts with financial institutions is based upon our available credit from such institutions and compliance with covenants and other restrictions. Operating losses, third party downgrades of our credit rating or instability in the worldwide financial markets could impact our ability to effectively manage our foreign currency exchange rate risk. Hedging also exposes us to the credit risk of our counterparty financial institutions.

***Increases in our customers' credit risk could result in credit losses and term extensions under existing contracts with customers with credit losses could result in an increase in our operating costs.***

Some of our OEM customers have adopted a subcontractor model that requires us to contract directly with companies, such as ODMs, that provide manufacturing and fulfillment services to our OEM customers. Because these subcontractors are generally not as well capitalized as our direct OEM customers, this subcontractor model exposes us to increased credit risks. Our agreements with our OEM customers may not permit us to increase our product prices to alleviate this increased credit risk. Additionally, as we attempt to expand our OEM and distribution channel sales into emerging economies such as Brazil, Russia, India and China, the customers with the most success in these regions may have relatively short operating histories, making it more difficult for us to accurately assess the associated credit risks. Any credit losses we may suffer as a result of these increased risks, or as a result of credit losses from any significant customer, especially in situations where there are term extensions under existing contracts with such customers, would increase our operating costs, which may negatively impact our operating results.

***Our operating results fluctuate, sometimes significantly, from period to period due to many factors, which may result in a significant decline in our stock price.***

Our quarterly operating results may be subject to significant fluctuations as a result of a number of other factors including:

- weakness in demand for one or more product categories;
- the timing of orders from and shipment of products to major customers, loss of major customers;
- our product mix;
- reductions in the ASPs of our products and lower margins;

- excess output, capacity or inventory, resulting in lower ASPs, financial charges or impairments, or insufficient output, capacity or inventory, resulting in lost revenue opportunities;
- inability to successfully transition to 3D NAND or other technology developments, or other failure to reduce product costs to keep pace with reduction in ASPs;
- manufacturing delays or interruptions;
- delays in design wins or customer qualifications, acceptance by customers of competing products in lieu of our products;
- success of our partnerships and joint ventures, in particular the volume, timing and cost of wafer production at Flash Ventures, and our success in managing the relationships with our strategic partners;
- inability to realize the potential benefits of our acquisitions and the success of our integration efforts;
- ability to penetrate new markets for our storage solutions;
- variations in the cost of and lead times for components for our products, disruptions of our supply chain;
- limited availability of components that we obtain from a single or a limited number of suppliers;
- seasonal and other fluctuations in demand often due to technological advances;
- increase in costs due to warranty claims;
- higher costs as a result of currency exchange rate fluctuations; and
- availability and rates of transportation.

We often ship a high percentage of our total quarterly sales in the third month of the quarter, which makes it difficult for us to forecast our financial results before the end of the quarter. As a result of the above or other factors, our forecast of operating results for the quarter may differ materially from our actual financial results. If our results of operations fail to meet the expectations of analysts or investors, it could cause an immediate and significant decline in our stock price.

***We have made and continue to make a number of estimates and assumptions relating to our consolidated financial reporting, and actual results may differ significantly from our estimates and assumptions.***

We have made and continue to make a number of estimates and assumptions relating to our consolidated financial reporting. The highly technical nature of our products and the rapidly changing market conditions with which we deal means that actual results may differ significantly from our estimates and assumptions. These changes have impacted our financial results in the past and may continue to do so in the future. Key estimates and assumptions for us include:

- price protection adjustments and other sales promotions and allowances on products sold to retailers, resellers and distributors;
- inventory adjustments for write-down of inventories to lower of cost or market value (net realizable value);
- testing of goodwill and other long-lived assets for impairment;
- accruals for product returns;
- accruals for litigation and other contingencies
- liabilities for unrecognized tax benefits; and
- provisional estimates related to tax reform.

In addition, changes in existing accounting or taxation rules or practices, new accounting pronouncements or taxation rules, or varying interpretations of current accounting pronouncements or taxation practice could have an adverse effect on our results of operations and financial condition.

***The market price of our common stock is volatile.***

The market price of our common stock has been, and may continue to be, volatile. Factors that may significantly affect the market price of our common stock include the following:

- actual or anticipated fluctuations in our operating results, including those resulting from the seasonality of our business;
- perceptions about our strategic relationships and joint ventures, access to supply of flash-based memory, new technologies and technology transitions;
- announcements of technological innovations by us or our competitors, which may decrease the volume and profitability of sales of our existing products and increase the risk of inventory obsolescence;
- new products introduced by us or our competitors;
- strategic actions by us or competitors, such as acquisitions and restructurings;
- periods of severe pricing pressures due to oversupply or price erosion resulting from competitive pressures or industry consolidation;
- developments with respect to patents or proprietary rights, and any litigation;
- proposed or adopted regulatory changes or developments or anticipated or pending investigations, proceedings or litigation that involve or affect us or our competitors;
- conditions and trends in the hard drive, solid-state storage, flash memory, computer, mobile, data and content management, storage and communication industries;
- contraction in our operating results or growth rates that are lower than our previous high growth-rate periods;
- failure to meet analysts' revenue or earnings estimates or changes in financial estimates or publication of research reports and recommendations by financial analysts relating specifically to us or the storage industry in general;
- announcements relating to dividends and share repurchases; and
- macroeconomic conditions that affect the market generally and, in particular, developments related to market conditions for our industry.

In addition, the sale of substantial amounts of shares of our common stock, or the perception that these sales may occur, could adversely affect the market price of our common stock. Further, the stock market is subject to fluctuations in the stock prices and trading volumes that affect the market prices of the stock of public companies, including us. These broad market fluctuations have adversely affected and may continue to adversely affect the market price of shares of our common stock. For example, expectations concerning general economic conditions may cause the stock market to experience extreme price and volume fluctuations from time to time that particularly affect the stock prices of many high technology companies. These fluctuations may be unrelated to the operating performance of the companies.

Securities class action lawsuits are often brought against companies after periods of volatility in the market price of their securities. A number of such suits have been filed against us in the past, and should any new lawsuits be filed, such matters could result in substantial costs and a diversion of resources and management's attention.

Further, a sustained decline in our stock price or market capitalization are among the factors that may be considered a change in circumstances indicating that the carrying value of our long-lived assets or goodwill may be impaired and, if an impairment review is triggered, could require us to record a significant charge to earnings in our Consolidated Financial Statements.

*Our cash balances and investment portfolio are subject to various risks, any of which could adversely impact our financial position.*

Given the international footprint of our business, we have both domestic and international cash balances and investments. We maintain an investment portfolio of various holdings, security types, and maturities. These investments are subject to general credit, liquidity, market, political, sovereign and interest rate risks, which may be exacerbated by unusual events that affect global financial markets. A material part of our investment portfolio consists of investment grade corporate securities, bank deposits, asset backed securities and U.S. government and agency securities. If global credit and equity markets experience prolonged periods of decline, or if there is a downgrade of the U.S. government credit rating due to an actual or threatened default on government debt, our investment portfolio may be adversely impacted and we could determine that our investments may experience an other-than-temporary decline in fair value, requiring impairment charges that could adversely affect our financial results. A failure of any of these financial institutions in which deposits exceed Federal Deposit Insurance Corporation (FDIC) limits could also have an adverse impact on our financial position.

In addition, if we are unable to generate sufficient cash flows from operations to repay our indebtedness, fund acquisitions, pay dividends, or repurchase shares of our common stock, we may choose or be required to increase our borrowings, if available, or to repatriate funds to the U.S. at an additional tax cost. We must comply with regulations regarding the conversion and distribution of funds earned in the local currencies of various countries. If we cannot comply with these or other applicable regulations, we may face increased difficulties in using cash generated in these countries.

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

**Recent Sales of Unregistered Securities**

There were no unregistered sales of equity securities during the quarter ended March 29, 2019.

**Issuer Purchases of Equity Securities**

There were no repurchases of shares of our common stock during the quarter ended March 29, 2019.

**Item 3. *Defaults Upon Senior Securities***

None.

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

Not applicable.

**Item 5. *Other Information***

None.

**Item 6. *Exhibits***

The exhibits listed in the Exhibit Index below are filed with, or incorporated by reference in, this Quarterly Report on Form 10-Q, as specified in the Exhibit List, from exhibits previously filed with the Securities and Exchange Commission. Certain agreements listed in the Exhibit Index that we have filed or incorporated by reference may contain representations and warranties by us or our subsidiaries. These representations and warranties have been made solely for the benefit of the other party or parties to such agreements and (i) may have been qualified by disclosures made to such other party or parties, (ii) were made only as of the date of such agreements or such other date(s) as may be specified in such agreements and are subject to more recent developments, which may not be fully reflected in our public disclosures, (iii) may reflect the allocation of risk among the parties to such agreements and (iv) may apply materiality standards different from what may be viewed as material to investors. Accordingly, these representations and warranties may not describe the actual state of affairs at the date hereof and should not be relied upon.

**EXHIBIT INDEX**

Exhibit Number	Description
<a href="#">2.1</a>	Agreement and Plan of Merger, dated as of October 21, 2015, among Western Digital Corporation, Schrader Acquisition Corporation and SanDisk Corporation (Filed as Exhibit 2.1 to the Company's Current Report on Form 8-K (File No. 1-08703) with the Securities and Exchange Commission on October 26, 2015)
<a href="#">3.1</a>	Amended and Restated Certificate of Incorporation of Western Digital Corporation, as amended to date (Filed as Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q (File No. 1-08703) with the Securities and Exchange Commission on February 8, 2006)
<a href="#">3.2</a>	Amended and Restated By-Laws of Western Digital Corporation, as amended effective as of May 2, 2018 (Filed as Exhibit 3.1 to the Company's Current Report on Form 8-K (File No. 1-08703) with the Securities and Exchange Commission on May 7, 2018)
<a href="#">10.1</a>	Offer Letter, dated April 1, 2019, to Robert Eulau†*
<a href="#">10.2</a>	Amendment No. 9, dated as of April 29, 2019, to the Loan Agreement dated as of April 29, 2016, by and among Western Digital Corporation, JPMorgan Chase Bank, N.A., as administrative agent and collateral agent, the lenders party thereto and the other loan parties thereto†
<a href="#">31.1</a>	Certification of Principal Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002†
<a href="#">31.2</a>	Certification of Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002†
<a href="#">32.1</a>	Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**
<a href="#">32.2</a>	Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**
101.INS	XBRL Instance Document†
101.SCH	XBRL Taxonomy Extension Schema Document†
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document†
101.LAB	XBRL Taxonomy Extension Label Linkbase Document†
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document†
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document†

† Filed with this report.

\* Management contract or compensatory plan or arrangement required to be filed as an exhibit pursuant to applicable rules of the Securities and Exchange Commission.

\*\* Furnished with this report.

**SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Quarterly Report on Form 10-Q to be signed on its behalf by the undersigned, thereunto duly authorized.

WESTERN DIGITAL CORPORATION

By: /s/ MARK P. LONG

Mark P. Long

*President WD Capital, Chief Strategy Officer and Chief Financial Officer*

(Principal Financial Officer)

Dated: May 6, 2019

# Western Digital

Western Digital Corporation  
5601 Great Oaks Parkway  
San Jose, California 95119

April 1, 2019

Robert Eulau  
[address redacted]

Dear Bob,

It is with great pleasure that we at Western Digital extend this offer of employment to you. Your position will be Executive Vice President and Chief Financial Officer of Western Digital Corporation, reporting to Stephen Milligan, in the Finance department. This position is exempt and will pay an annual base salary of \$700,000 (US Dollar). This offer is contingent upon successful completion of all pre-employment criteria as outlined on Western Digital's Application for Employment, which you previously signed.

You will be eligible to participate in Western Digital's Short-Term Incentive (STI) Plan. The performance period is the company's fiscal year. Your start date must be at least one month prior to the end of the fiscal year to be eligible to participate. The payout will be based on your eligible wages earned during the performance period. Funding will be based on corporate business results. Your participation will be based on your individual accomplishments and is contingent upon approval by the Compensation Committee of the Board of Directors. Your individual target bonus is 110% of your eligible earnings for each performance period.

You will also be eligible to receive awards under our annual long-term incentive (LTI) program. Contingent upon approval by the Compensation Committee of the Board of Directors, we will recommend a fiscal year 2020 LTI award with an approximate value of \$4,000,000 (US Dollar). The LTI award will consist of 50% restricted stock units (RSUs) and 50% performance stock units (PSUs). The value of your annual LTI award and mix of RSUs, PSUs or other equity awards in future years is subject to change at the discretion of the Compensation Committee of the Board of Directors.

Contingent upon approval by the Compensation Committee of the Board of Directors, we will recommend a new hire RSU award with an approximate value of \$2,000,000 (US Dollar), subject to Western Digital's Standard Terms and Conditions for restricted stock unit awards. This award value will be converted to a number (rounded down to the nearest whole number) of RSUs equal to (i) \$2,000,000 (US Dollar), divided by (ii) the closing stock price of a share of the Company's common stock as of the grant date of the award. These RSUs are to be settled in shares of Western Digital common stock at the time of vesting. Vesting will occur in substantially equal, annual installments on each of the next four (4) anniversaries of the date of grant. Please note that vesting will cease upon termination of your service with the Company or one of its subsidiaries.

You will receive a sign-on bonus of \$500,000 (US Dollar), with \$250,000 (US Dollar) payable within three weeks of your start date and \$250,000 (US Dollar) payable within three weeks of the first anniversary of your start date, subject to your continued employment with Western Digital on the first anniversary of your start date. The sign-on bonus is considered taxable income to you.

As a condition of employment, immediately upon hire you will be required to sign an Employee Inventions and Confidentiality Agreement governing inventions, proprietary information and such other subject matter, which the company considers vital to protect its operation. Please also be advised that the company respects the confidential information and trade secrets of others and endeavors to comply with all laws regarding the use and protection of trade secret information. The company takes its obligations in this respect very seriously and expects the same from its employees. As you prepare to terminate your current employment, please ensure that all documents and property belonging to your employer are returned. This includes documents you may have prepared in the course of your employment and documents that may be in your home, on your home computer or in your car. The company does not want access to any confidential information belonging to your former employer and specifically directs you not to take this information with you or bring onto company premises. You are prohibited from using trade secret or confidential information or property of any previous employer or other person in connection with carrying out your job duties at Western Digital.

You are employed by the company on an at-will basis. This means that either you or the company may terminate the employment relationship at any time, for any reason, with or without cause. The at-will nature of your employment with the company can only be changed by an agreement in writing signed by you and the senior vice president of Human Resources. Furthermore, by accepting employment with the company, you warrant that you are not bound by the terms of an employment agreement with a third party that would preclude or limit your right to work for the company. You agree to provide the company with a copy of any and all agreements with a third party that contain any restrictions or obligations that conflict with, or are inconsistent with, the performance of your duties for the company.

As a senior leader in the organization you will not accrue vacation hours, but will coordinate your time off requests with your manager around the needs of the business. You will be eligible on your first day of employment for our benefits plan, which allows you to choose the coverage that fits your needs. You will also be eligible to join the Western Digital Corporation 401(k) Plan immediately. You will receive a complete benefits summary during your orientation on your first day of employment. Your position qualifies you for additional benefits provided exclusively to executives of your level including Financial Counseling Reimbursement and company paid life insurance up to 500,000.00 US Dollar (USD) (which may require an Evidence of Insurability).

Your first day of employment is tentatively scheduled for April 15, 2019. On your first day, we will conduct new hire orientation at our offices at 5601 Great Oaks Parkway, San Jose, CA 95119. At that time, you will be required to provide authentic documents that establish your identity and employment eligibility. Please refer to the List of Acceptable Documents provided.

Notwithstanding anything else contained herein to the contrary, this offer and your employment by Western Digital are subject to your appointment by the Board of Directors as Western Digital's Executive Vice President and Chief Financial Officer.

If there are any questions of which I may be of assistance, please let me know.

Sincerely,

/s/ Lori Sundberg

Lori Sundberg  
Chief Human Resources Officer

## AMENDMENT NO. 9

AMENDMENT NO. 9, dated as of April 29, 2019 (this "Amendment"), to the Loan Agreement dated as of April 29, 2016, as amended by Amendment No. 1, dated as of August 17, 2016, Amendment No. 2, dated as of September 22, 2016, Amendment No. 3, dated as of March 14, 2017, Amendment No. 4, dated as of March 23, 2017, Amendment No. 5, dated as of November 8, 2017, Amendment No. 6, dated as of November 29, 2017, Amendment No. 7, dated as of February 27, 2018 and Amendment No. 8, dated as of May 15, 2018 (as further amended, supplemented, amended and restated or otherwise modified from time to time, including pursuant to this Amendment, the "Loan Agreement") among WESTERN DIGITAL CORPORATION, a Delaware corporation (the "Borrower"), each lender from time to time party thereto (collectively, the "Lenders" and individually, a "Lender"), JPMORGAN CHASE BANK, N.A., as Administrative Agent (in such capacity, the "Administrative Agent") and Collateral Agent and the other parties thereto. Capitalized terms used and not otherwise defined herein shall have the meanings assigned to them in the Loan Agreement.

WHEREAS, pursuant to Section 10.11 of the Loan Agreement, the Borrower has requested certain amendments to the Loan Agreement, and the Lenders party hereto constitute the Lenders required pursuant to Section 10.11 of the Loan Agreement with respect to the amendments provided for in Section 1 below.

WHEREAS, J.P. Morgan Securities LLC ("J.P. Morgan") will act as sole lead arranger and sole bookrunner for this Amendment;

NOW, THEREFORE, in consideration of the premises and covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound hereby, agree as follows:

**Section 1.** Amendment No. 9 Amendments. Effective as of the Amendment No. 9 Effective Date (as defined below), the Loan Agreement is hereby amended in the form attached as Exhibit A hereto.

**Section 2.** Representations and Warranties.

Each Loan Party represents and warrants to the Lenders party hereto as of the Amendment No. 9 Effective Date that:

(a) Immediately before and after giving effect to this Amendment, each of the representations and warranties set forth in the Loan Agreement and in the other Loan Documents shall be and remain true and correct in all material respects (or, if qualified as to "materiality," "material adverse effect" or similar language, shall be true and correct in all respects (after giving effect to any such qualification therein)) as of said time, except to the extent the same expressly relate to an earlier date.

(b) At the time of and after giving effect to this Amendment, no Default or Event of Default shall have occurred and be continuing.

**Section 3. Conditions to Effectiveness.**

This Amendment shall become effective on the date on which all of the following conditions are satisfied (the "Amendment No. 9 Effective Date"):

(a) The Administrative Agent's receipt of counterparts of this Amendment executed by each of the Loan Parties and the Required RC/TLA Lenders, each of which shall be originals or facsimiles or electronic copies (and, to the extent requested by the Administrative Agent, followed promptly by originals) unless otherwise specified; and

(b) The Borrower shall have paid to the Administrative Agent, (x) for the ratable account of each Term A-1 Lender who provides a counterpart to this Amendment, a consent fee equal to 0.05% of the aggregate principal amount of the Term A-1 Loans of such Term A-1 Lender immediately prior to the Amendment No. 9 Effective Date and (y) for the ratable account of each Revolving Lender who provides a counterpart to this Amendment, a consent fee equal to 0.05% of the aggregate principal amount of unutilized Revolving Credit Commitments and outstanding Revolving Loans of such Revolving Lender immediately prior to the Amendment No. 9 Effective Date.

(c) All reasonable and documented out-of-pocket fees and expenses due to the Administrative Agent and J.P. Morgan required to be paid on the Amendment No. 9 Effective Date (including pursuant to Section 9 hereof) shall have been paid (or the Borrower shall have made arrangements reasonably satisfactory to the Administrative Agent for such payment).

(d) At the time and immediately after giving effect to the effectiveness of this Amendment, no Default or Event of Default shall have occurred and be continuing.

(e) Each of the representations and warranties of the Loan Parties set forth in the Loan Agreement, Section 2 of this Amendment and in the other Loan Documents shall be and remain true and correct in all material respects (or, if qualified as to "materiality," "material adverse effect" or similar language, shall be true and correct in all respects (after giving effect to any such qualification therein)) as of the Amendment No. 9 Effective Date, except to the extent the same expressly relate to an earlier date.

The Administrative Agent shall notify the Borrower and the Lenders of the Amendment No. 9 Effective Date and such notice shall be conclusive and binding. Notwithstanding the foregoing, the amendments effected hereby shall not become effective, if all of the conditions set forth or referred to in this Section 3 have not been satisfied at or prior to 5:00 p.m., New York City time, April 29, 2019.

**Section 4. [Reserved].**

**Section 5. Acknowledgments.**

Each Loan Party hereby expressly acknowledges the terms of this Amendment and reaffirms, as of the date hereof, (i) the covenants and agreements contained in each Loan Document to which it is a party, including, in each case, such covenants and agreements as in effect immediately after giving effect to this Amendment and the transactions contemplated hereby, (ii) its guarantee of the Obligations pursuant to the Collateral Documents and (iii) its grant of Liens on the Collateral to secure the Obligations pursuant to the Collateral Documents.

**Section 6. Liens Unimpaired.**

After giving effect to this Amendment, neither the modification of the Loan Agreement effected pursuant to this Amendment nor the execution, delivery, performance or effectiveness of this Amendment:

(a) impairs the validity, effectiveness or priority of the Liens granted pursuant to any Loan Document (including, for the avoidance of doubt, any Cayman Islands law governed share mortgage granted by any Loan Party), and such Liens continue unimpaired with the same priority to secure repayment of all Obligations, whether heretofore or hereafter incurred; or

(b) requires that any new filings be made or other action taken to perfect or to maintain the perfection of such Liens.

**Section 7. Entire Agreement.**

This Amendment, the Loan Agreement and the other Loan Documents constitute the entire agreement among the parties hereto with respect to the subject matter hereof and thereof and supersede all other prior agreements and understandings, both written and verbal, among the parties hereto with respect to the subject matter hereof. Except as expressly set forth herein, this Amendment and the Loan Agreement shall not by implication or otherwise limit, impair, constitute a waiver of, or otherwise affect the rights and remedies of any party under, the Loan Agreement, nor alter, modify, amend or in any way affect any of the terms, conditions, obligations, covenants or agreements contained in the Loan Agreement, all of which are ratified and affirmed in all respects and shall continue in full force and effect. This Amendment shall not constitute a novation of the Loan Agreement or any of the Loan Documents. It is understood and agreed that each reference in each Loan Document to the "Loan Agreement," whether direct or indirect, shall hereafter be deemed to be a reference to the Loan Agreement as amended by this Amendment and that this Amendment is a "Loan Document".

**Section 8. Amendment, Modification and Waiver.**

This Amendment may not be amended, modified or waived except pursuant to a writing signed by each of the parties hereto.

**Section 9. Expenses.**

The Borrower agrees to reimburse the Administrative Agent for its reasonable and documented out-of-pocket expenses incurred by them in connection with this Amendment, including the reasonable and documented fees, charges and disbursements of Cahill Gordon & Reindel LLP, counsel for the Administrative Agent.

**Section 10. Counterparts.**

This Amendment may be executed in any number of counterparts and by different parties hereto on separate counterparts, each of which when so executed and delivered shall be deemed to be an original, but all of which when taken together shall constitute a single instrument. Delivery of an executed counterpart of a signature page of this Amendment by facsimile transmission or electronic transmission shall be effective as delivery of a manually executed counterpart hereof.

**Section 11. Governing Law and Waiver of Right to Trial by Jury.**

**THIS AMENDMENT AND ANY CLAIM, CONTROVERSY OR DISPUTE ARISING UNDER OR RELATED TO THIS AMENDMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES UNDER THIS AMENDMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK. SECTION 10.22 OF THE LOAN AGREEMENT IS HEREBY INCORPORATED BY REFERENCE INTO THIS AMENDMENT AND SHALL APPLY HERETO.**

**Section 12. Headings.**

The headings of this Amendment are for purposes of reference only and shall not limit or otherwise affect the meaning hereof.

**Section 13. Effect of Amendment.**

Except as expressly set forth herein, this Amendment shall not by implication or otherwise limit, impair, constitute a waiver of or otherwise affect the rights and remedies of the Lenders or the Administrative Agent under the Loan Agreement or any other Loan Document, and shall not alter, modify, amend or in any way affect any of the terms, conditions, obligations, covenants or agreements contained in the Loan Agreement or any other provision of the Loan Agreement or any other Loan Document, all of which are ratified and affirmed in all respects and shall continue in full force and effect.

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

WESTERN DIGITAL CORPORATION

By: /s/ Mark Long

Name: Mark Long

Title: President WD Capital, Chief Strategy  
Officer and Chief Financial Officer

[SIGNATURE PAGE TO AMENDMENT NO. 9]

HGST, INC.

By:  /s/ Michael C. Ray  
Name: Michael C. Ray  
Title: President and Secretary

WD MEDIA, LLC

By:  /s/ Michael C. Ray  
Name: Michael C. Ray  
Title: Secretary

WESTERN DIGITAL (FREMONT), LLC

By:  /s/ Michael C. Ray  
Name: Michael C. Ray  
Title: Vice President and Secretary

WESTERN DIGITAL TECHNOLOGIES, INC.

By:  /s/ Michael C. Ray  
Name: Michael C. Ray  
Title: Executive Vice President, Chief

Secretary

Legal Officer and

[SIGNATURE PAGE TO AMENDMENT NO. 9]

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

By:  /s/ Caitlin Stewart  
Name: Caitlin Stewart  
Title: Executive Director

[SIGNATURE PAGE TO AMENDMENT NO. 9]

[LENDER CONSENTS ON FILE WITH THE ADMINISTRATIVE AGENT]

**Exhibit A**

**See attached.**

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LOAN AGREEMENT

AMONG

WESTERN DIGITAL CORPORATION,  
a Delaware corporation, as Borrower,

VARIOUS LENDERS  
FROM TIME TO TIME PARTY HERETO,

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

J.P. MORGAN SECURITIES LLC,  
MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED,  
MIZUHO BANK, LTD.,  
RBC CAPITAL MARKETS,  
WELLS FARGO SECURITIES, LLC,  
THE BANK OF TOKYO-MITSUBISHI UFJ, LTD.,  
SUNTRUST ROBINSON HUMPHREY, INC.,  
HSBC SECURITIES (USA) INC.,  
SUMITOMO MITSUI BANKING CORPORATION,  
CITIGROUP GLOBAL MARKETS INC., and  
TD BANK, N.A.,  
as Joint Lead Arrangers and Joint Bookrunners,

J.P. MORGAN SECURITIES LLC,  
BANK OF AMERICA, N.A.,  
MIZUHO BANK, LTD.,  
RBC CAPITAL MARKETS, and  
WELLS FARGO SECURITIES, LLC,  
as Co-Syndication Agents,

THE BANK OF TOKYO-MITSUBISHI UFJ, LTD.,  
SUNTRUST BANK,  
HSBC BANK PLC,  
SUMITOMO MITSUI BANKING CORPORATION,  
CITIBANK, N.A.,  
TD BANK, N.A.,  
BBVA COMPASS,  
THE BANK OF NOVA SCOTIA, and  
BNP PARIBAS SA,  
as Co-Documentation Agents

and

DBS BANK LTD.,  
U.S. BANK N.A., and  
FIFTH THIRD BANK,  
as Senior Managing Agents

Dated as of April 29, 2016  
as amended by Amendment No. 1, dated as of August 17, 2016  
as further amended by Amendment No. 2, dated as of September 22, 2016  
as further amended by Amendment No. 3, dated as of March 14, 2017  
as further amended by Amendment No. 4, dated as of March 23, 2017  
as further amended by Amendment No. 5, dated as of November 8, 2017  
as further amended by Amendment No. 6, dated as of November 29, 2017  
as further amended by Amendment No. 7, dated as of February 27, 2018  
as further amended by Amendment No. 8, dated as of May 15, 2018  
and as further amended by Amendment No. 9, dated as of April 29, 2019

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## LOAN AGREEMENT

This Loan Agreement is entered into as of April 29, 2016, as amended by Amendment No. 1, dated as of August 17, 2016, Amendment No. 2, dated as of September 22, 2016, Amendment No. 3, dated as of March 14, 2017, Amendment No. 4, dated as of March 23, 2017, Amendment No. 5, dated as of November 8, 2017, Amendment No. 6, dated as of November 29, 2017, Amendment No. 7, dated as of February 27, 2018, Amendment No. 8, dated as of May 15, 2018 and Amendment No. 9, dated as of April 29, 2019, by and among WESTERN DIGITAL CORPORATION, a Delaware corporation (the “*Borrower*”), the various institutions from time to time party to this Agreement, as Lenders, and JPMorgan Chase Bank, N.A., as administrative agent and collateral agent (in such capacities, the “*Administrative Agent*” or “*Collateral Agent*”).

### Preliminary Statements

The Borrower has entered into the Agreement and Plan of Merger, dated as of October 21, 2015 (together with the exhibits and disclosure schedules thereto and as in effect on the Closing Date, the “*Acquisition Agreement*”) with Schrader Acquisition Corporation, a Delaware corporation and a Wholly-owned Subsidiary of the Borrower (“*Merger Sub*”), and SanDisk Corporation, a Delaware corporation (the “*Target Company*”), pursuant to which (i) Western Digital Technologies, Inc., a Delaware corporation and a Wholly-owned Subsidiary of the Borrower, will acquire all of the outstanding shares of the Target Company and (ii) Merger Sub will merge with and into the Target Company, with the Target Company surviving such merger as a Wholly-owned Subsidiary of the Borrower (collectively, the “*Schrader Acquisition*”).

The Borrower has requested that (i) the Revolving Lenders provide a revolving credit facility to the Borrower on the Escrow Release Date in an aggregate principal amount of \$1,000,000,000 pursuant to this Agreement, (ii) the Term A Lenders extend the Term A Loans to the Borrower on the Escrow Release Date in an aggregate principal amount of \$4,125,000,000 pursuant to this Agreement, (iii) the U.S. Term B Lenders extend the U.S. Term B Loan to the Borrower on the Closing Date in an aggregate principal amount of \$3,750,000,000 pursuant to this Agreement and (iv) the Euro Term B Lenders extend the Euro Term B Loan to the Borrower on the Closing Date in an aggregate principal amount of €885,000,000 pursuant to this Agreement.

On the Closing Date, the Borrower and the Escrow Agent (as defined below) entered into an Escrow Agreement, pursuant to which the proceeds of the Term B Loans were deposited into the Escrow Account.

On the Escrow Release Date, the borrowings of the Term Loans were used, together with the net proceeds of the issuance of the Senior Secured Notes and the Senior Unsecured Notes, the net proceeds of the Additional Bridge Facility, any borrowings of the Revolving Loans on the Escrow Release Date and cash on hand (i) to finance the Schrader Acquisition and the Escrow Release Date Refinancing and (ii) to pay fees and expenses incurred in connection therewith. The Revolving Loans and Letters of Credit will be used for working capital and other general corporate purposes of the Borrower and its Subsidiaries, including the financing of the transactions that are not prohibited by the terms of this Agreement.

The Lenders have indicated their willingness to lend on the terms and subject to the conditions set forth herein.

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

## **ARTICLE 1. DEFINITIONS; INTERPRETATION.**

Section 1.1 *Definitions.* The following terms when used herein shall have the following meanings:

“*2018 Revolving Credit Commitments*” means, as to any Lender, the obligation of such Lender to make Revolving Loans and to participate in Letters of Credit issued for the account of the Borrower hereunder in an aggregate principal or face amount at any one time outstanding not to exceed the amount set forth opposite such Revolving Lender’s name on Schedule 1 to Amendment No. 7 and made a part hereof, as the same may be reduced, increased or otherwise modified at any time or from time to time pursuant to the terms hereof. The aggregate amount of the Revolving Lenders’ 2018 Revolving Credit Commitments (including the Revolving Credit Commitment Increase) on the Amendment No. 7 Effective Date is \$2,250.0 million.

“*2024 Convertible Notes*” means the \$1,100 million aggregate principal amount of 1.50% Convertible Senior Notes due 2024 of the Borrower, as the same may be amended, supplemented, waived or otherwise modified from time to time, including any senior unsecured exchange notes issued in lieu thereof.

“*2024 Convertible Notes Documents*” means the 2024 Convertible Notes Indenture and all other instruments, agreements and other documents evidencing or governing the Convertible Notes or providing for any guarantee, obligation, security or other right in respect thereof.

“*2024 Convertible Notes Indenture*” means the Indenture dated as of February 13, 2018, under which the 2024 Convertible Notes are issued, as the same may be amended, supplemented, waived or otherwise modified from time to time.

“2026 Senior Unsecured Notes” means the \$2,300 million aggregate principal amount of 4.750% Senior Unsecured Notes due 2026 of the Borrower, as the same may be amended, supplemented, waived or otherwise modified from time to time, including any senior unsecured exchange notes issued in lieu thereof.

“2026 Senior Unsecured Notes Documents” means the 2026 Senior Unsecured Notes Indenture and all other instruments, agreements and other documents evidencing or governing the Senior Unsecured Notes or providing for any guarantee, obligation, security or other right in respect thereof.

“2026 Senior Unsecured Notes Indenture” means the Indenture dated as of February 13, 2018, under which the 2026 Senior Unsecured Notes are issued, as the same may be amended, supplemented, waived or otherwise modified from time to time.

“Acquisition” means any transaction or series of related transactions for the purpose of or resulting, directly or indirectly, in (a) the acquisition of all or substantially all of the assets of a Person, or of any line of business or division of a Person, (b) the acquisition of in excess of 50.00% of the capital stock, partnership interests, membership interests or equity of any Person (other than a Person that is a Restricted Subsidiary), but, at the Borrower’s option, including acquisitions of Equity Interests increasing the ownership of the Borrower or a Subsidiary in an existing Subsidiary, or (c) a merger or consolidation or any other combination with another Person (other than a Person that is already a Restricted Subsidiary); *provided* that the Borrower or a Restricted Subsidiary is the surviving entity or the surviving entity becomes a Restricted Subsidiary.

“Acquisition Agreement” is defined in the Preliminary Statements hereto.

“Additional Bridge Agreement” means the Bridge Loan Agreement, to be dated the Escrow Release Date, by and among Western Digital Technologies, Inc., the lenders party thereto, the Additional Bridge Facility Administrative Agent and the other parties named therein, as such agreement may be amended, supplemented, waived or otherwise modified from time to time; *provided* that the maturity date of all or any portion thereof may not be extended (other than an extension of the maturity date by up to 30 days if the Joint Lead Arrangers agree to an extension of the time period to consummate the Intercompany Transactions pursuant to Section 6.25 of the Original Loan Agreement).

“Additional Bridge Facility” means the collective reference to the Additional Bridge Loan Documents, any notes issued pursuant thereto and any guarantee and collateral agreement, patent and trademark security agreement, mortgages and other guarantees, pledge agreements, security agreements and collateral documents, and other instruments and documents, executed and delivered pursuant to or in connection with any of the foregoing, in each case as the same may be amended, supplemented, waived or otherwise modified from time to time; *provided*

that the maturity date of all or any portion thereof may not be extended (other than an extension of the maturity date by up to 30 days if the Joint Lead Arrangers agree to an extension of the time period to consummate the Intercompany Transactions pursuant to Section 6.25 of the Original Loan Agreement).

“*Additional Bridge Facility Administrative Agent*” means JPMorgan Chase Bank, N.A., in its capacity as administrative agent under the Additional Bridge Facility.

“*Additional Bridge Loan Documents*” means the “Loan Documents” (or comparable term) as defined in the Additional Bridge Agreement, as the same may be amended, supplemented, waived, otherwise modified from time to time, but in any event not extended, renewed, refinanced or replaced (other than an extension of the maturity date by up to 30 days if the Joint Lead Arrangers agree to an extension of the time period to consummate the Intercompany Transactions pursuant to Section 6.25 of the Original Loan Agreement).

“*Additional Lender*” means any Additional Revolving Lender or any Additional Term Lender, as applicable.

“*Additional Revolving Lender*” means, at any time, any bank or other financial institution that agrees to provide any portion of any Revolving Credit Commitment Increase or Incremental Revolving Credit Facility pursuant to an Incremental Amendment in accordance with Section 2.14; *provided* that the relevant Persons under Section 10.10(b) (including those specified in the definition of “Eligible Assignee”) shall have consented to such Additional Revolving Lender’s providing such Commitment Increases, if such consent would be required under Section 10.10(b) for an assignment of Revolving Credit Commitments to such Additional Revolving Lender.

“*Additional Term A-1 Commitment*” means, with respect to an Additional Term A-1 Lender, the commitment of such Additional Term A-1 Lender to make an Additional Term A-1 Loan hereunder on the Amendment No. 7 Effective Date, in the amount set forth opposite such Lender’s name on Schedule 1 to Amendment No. 7 and made a part hereof. The aggregate amount of the Additional Term A-1 Commitments of all Additional Term A-1 Lenders shall equal the outstanding aggregate principal amount of Non-Exchanged Term A Loans.

“*Additional Term A-1 Lender*” means a Person with an Additional Term A-1 Commitment to make Additional Term A-1 Loans to the Borrower on the Amendment No. 7 Effective Date.

“*Additional Term A-1 Loan*” means a Loan that is made pursuant to Section 2.1(i) of this Agreement on the Amendment No. 7 Effective Date.

“*Additional Term Lender*” means, at any time, any bank or other financial institution that agrees to provide any portion of any Term Commitment Increase or Incremental

Term Loan pursuant to an Incremental Amendment in accordance with Section 2.14; *provided* that the relevant Persons under Section 10.10(b) (including those specified in the definition of “Eligible Assignee”) shall have consented to such Additional Term Lender’s making such Incremental Term Loans, if such consent would be required under Section 10.10(b) for an assignment of Loans to such Additional Term Lender.

“*Additional U.S. Term B-1 Commitment*” means, with respect to an Additional U.S. Term B-1 Lender, the commitment of such Additional U.S. Term B-1 Lender to make an Additional U.S. Term B-1 Loan hereunder on the Amendment No. 1 Effective Date, in the amount set forth on the signature page of such Additional U.S. Term B-1 Lender to the Amendment No. 1 Joinder. The aggregate amount of the Additional U.S. Term B-1 Commitments of all Additional U.S. Term B-1 Lenders shall equal the outstanding aggregate principal amount of Non-Exchanged U.S. Term B Loans.

“*Additional U.S. Term B-1 Lender*” means a Person with an Additional U.S. Term B-1 Commitment to make Additional U.S. Term B-1 Loans to the Borrower on the Amendment No. 1 Effective Date.

“*Additional U.S. Term B-1 Loan*” means a Loan that was made pursuant to Section 2.1(d) of this Agreement on the Amendment No. 1 Effective Date.

“*Additional U.S. Term B-2 Commitment*” means, with respect to an Additional U.S. Term B-2 Lender, the commitment of such Additional U.S. Term B-2 Lender to make an Additional U.S. Term B-2 Loan hereunder on the Amendment No. 3 Effective Date, in the amount set forth on the signature page of such Additional U.S. Term B-2 Lender to the Amendment No. 3 Joinder. The aggregate amount of the Additional U.S. Term B-2 Commitments of all Additional U.S. Term B-2 Lenders shall equal the outstanding aggregate principal amount of Non-Exchanged U.S. Term B-1 Loans.

“*Additional U.S. Term B-2 Lender*” means a Person with an Additional U.S. Term B-2 Commitment to make Additional U.S. Term B-2 Loans to the Borrower on the Amendment No. 3 Effective Date.

“*Additional U.S. Term B-2 Loan*” means a Loan that was made pursuant to Section 2.1(d) of this Agreement on the Amendment No. 3 Effective Date.

“*Additional U.S. Term B-3 Commitment*” means, with respect to an Additional U.S. Term B-3 Lender, the commitment of such Additional U.S. Term B-3 Lender to make an Additional U.S. Term B-3 Loan hereunder on the Amendment No. 5 Effective Date, in the amount set forth on the signature page of such Additional U.S. Term B-3 Lender to the Amendment No. 5 Joinder. The aggregate amount of the Additional U.S. Term B-3 Commitments of all Additional U.S. Term B-3 Lenders shall equal the outstanding aggregate principal amount of Non-Exchanged U.S. Term B-2 Loans.

“*Additional U.S. Term B-3 Lender*” means a Person with an Additional U.S. Term B-3 Commitment to make Additional U.S. Term B-3 Loans to the Borrower on the Amendment No. 5 Effective Date.

“*Additional U.S. Term B-3 Loan*” means a Loan that was made pursuant to Section 2.1(d) of this Agreement on the Amendment No. 5 Effective Date.

“*Additional U.S. Term B-4 Commitment*” means, with respect to an Additional U.S. Term B-4 Lender, the commitment of such Additional U.S. Term B-4 Lender to make an Additional U.S. Term B-4 Loan hereunder on the Amendment No. 8 Effective Date, in the amount set forth on the signature page of such Additional Term B-4 Lender to the Amendment No. 8 Joinder. The aggregate amount of the Additional U.S. Term B-4 Commitments of all Additional U.S. Term B-4 Lenders shall equal the outstanding aggregate principal amount of Non-Exchanged U.S. Term B-3 Loans.

“*Additional U.S. Term B-4 Lender*” means a Person with an Additional U.S. Term B-4 Commitment to make Additional U.S. Term B-4 Loans to the Borrower on the Amendment No. 8 Effective Date.

“*Additional U.S. Term B-4 Loan*” means a Loan that is made pursuant to Section 2.1(d) of the Loan Agreement on the Amendment No. 8 Effective Date.

“*Adjusted LIBOR*” means, for any Borrowing of Term A-1 Loans, Revolving Loans that are Eurodollar Loans or Term B Loans that are Eurodollar Loans, a rate per annum equal to the greater of (i) 0% and (ii) the quotient of (A) LIBOR, divided by (B) one (1) minus the Reserve Percentage.

“*Administrative Agent*” means JPMorgan Chase Bank, N.A. and its affiliates (including J.P. Morgan Europe Limited), as contractual representative for itself and the other Lenders and any successor pursuant to Section 9.7 hereof.

“*Administrative Questionnaire*” means, with respect to each Lender, an Administrative Questionnaire in a form supplied by the Administrative Agent and duly completed by such Lender.

“*Affected Lender*” is defined in Section 8.5 hereof.

“*Affiliate*” means any Person directly or indirectly controlling or controlled by, or under direct or indirect common control with, another Person. A Person shall be deemed to control another Person for the purposes of this definition if such Person possesses, directly or indirectly, the power to direct, or cause the direction of, the management and policies of the other Person, whether through the ownership of voting securities, by contract or otherwise.

“*Agent*” means the Administrative Agent, the Collateral Agent, any Co-Syndication Agent, any Co-Documentation Agent or any Senior Managing Agent, as applicable.

“*Agreement*” means this Loan Agreement, as the same may be amended, modified, restated, amended and restated or supplemented from time to time pursuant to the terms hereof.

“*Amendment No. 1*” means Amendment No. 1 to the Loan Agreement dated as of the Amendment No. 1 Effective Date.

“*Amendment No. 1 Effective Date*” means August 17, 2016, the date on which all conditions precedent set forth in Section 3 of Amendment No. 1 are satisfied.

“*Amendment No. 1 Joinder*” means the Joinder Agreement dated as of the Amendment No. 1 Effective Date among the Borrower, the Administrative Agent and each Additional U.S. Term B-1 Lender.

“*Amendment No. 2*” means Amendment No. 2 to the Loan Agreement dated as of the Amendment No. 2 Effective Date.

“*Amendment No. 2 Effective Date*” means September 22, 2016, the date on which all conditions precedent set forth in Section 3 of Amendment No. 2 are satisfied.

“*Amendment No. 2 Joinder*” means the Joinder Agreement dated as of the Amendment No. 2 Effective Date among the Borrower, the Administrative Agent and each Additional Euro Term B-1 Lender (as defined therein).

“*Amendment No. 3*” means Amendment No. 3 to the Loan Agreement dated as of the Amendment No. 3 Effective Date.

“*Amendment No. 3 Effective Date*” means March 14, 2017, the date on which all conditions precedent set forth in Section 3 of Amendment No. 3 are satisfied.

“*Amendment No. 3 Joinder*” means the Joinder Agreement dated as of the Amendment No. 3 Effective Date among the Borrower, the Administrative Agent and each Additional U.S. Term B-2 Lender.

“*Amendment No. 4*” means Amendment No. 4 to the Loan Agreement dated as of the Amendment No. 4 Effective Date.

“*Amendment No. 4 Effective Date*” means March 23, 2017, the date on which all conditions precedent set forth in Section 3 of Amendment No. 4 are satisfied.

“*Amendment No. 4 Joinder*” means the Joinder Agreement dated as of the Amendment No. 4 Effective Date among the Borrower, the Administrative Agent and each Additional Euro Term B-2 Lender (as defined therein).

“*Amendment No. 5*” means Amendment No. 5 to the Loan Agreement dated as of the Amendment No. 5 Effective Date.

“*Amendment No. 5 Effective Date*” means November 8, 2017, the date on which all conditions precedent set forth in Section 3 of Amendment No. 5 are satisfied.

“*Amendment No. 5 Joinder*” means the Joinder Agreement dated as of the Amendment No. 5 Effective Date among the Borrower, the Administrative Agent and each Additional U.S. Term B-3 Lender.

“*Amendment No. 6*” means Amendment No. 6 to the Loan Agreement dated as of the Amendment No. 6 Effective Date.

“*Amendment No. 6 Effective Date*” means November 29, 2017, the date on which all conditions precedent set forth in Section 5 of Amendment No. 6 are satisfied.

“*Amendment No. 7*” means Amendment No. 7 to the Loan Agreement dated as of the Amendment No. 7 Effective Date.

“*Amendment No. 7 Effective Date*” means February 27, 2018, the date on which all conditions precedent set forth in Section 8 of Amendment No. 7 are satisfied.

“*Amendment No. 7 Transactions*” means, collectively, (a) the transactions contemplated by this Agreement and the other Loan Documents (including Amendment No. 7), (b) the defeasance, repayment, redemption, purchase, repurchase or discharge of the Senior Notes, (c) the entry into the 2026 Senior Unsecured Notes Documents and the offering and issuance of the 2026 Senior Unsecured Notes, (d) the entry into the 2024 Convertible Notes Documents and the offering and issuance of the 2024 Convertible Notes and (e) the payment of fees and expenses in connection with the foregoing.

“*Amendment No. 8*” means Amendment No. 8 to the Loan Agreement dated as of the Amendment No. 8 Effective Date.

“*Amendment No. 8 Effective Date*” means May 15, 2018, the date on which all conditions precedent set forth in Section 3 of Amendment No. 8 are satisfied.

“*Amendment No. 8 Joinder*” means the Joinder Agreement dated as of the Amendment No. 8 Effective Date among the Borrower, the Administrative Agent and each Additional U.S. Term B-4 Lender.

“*Amendment No. 9*” means Amendment No. 9 to the Loan Agreement dated as of the Amendment No. 9 Effective Date.

“*Amendment No. 9 Effective Date*” means April 29, 2019, the date on which all conditions precedent set forth in Section 3 of Amendment No. 9 are satisfied.

“*Anti-Corruption Laws*” means all laws, rules and regulations of any jurisdiction, including, without limitation, the United States Foreign Corrupt Practices Act of 1977, as amended, and the UK Bribery Act, as amended, applicable to the Borrower, the Borrower’s Subsidiaries or any Guarantor from time to time concerning or relating to bribery or corruption.

“*Applicable Laws*” means, as to any Person, any law (including common law), statute, regulation, ordinance, rule, order, decree, judgment, consent decree, writ, injunction, settlement agreement or governmental requirement enacted, promulgated or imposed or entered into or agreed by any Governmental Authority, in each case applicable to or binding on such Person or any of its property or assets or to which such Person or any of its property or assets is subject.

“*Applicable Margin*” means:

- (a) with respect to any U.S. Term B-4 Loan, (i) 1.75% per annum, in the case of a Eurodollar Loan, and (ii) 0.75% per annum, in the case of a Base Rate Loan;
- (b) [reserved];
- (c) with respect to any Term A-1 Loan or any Revolving Loan, on and after the Amendment No. 7 Effective Date, the applicable rate set forth below under the caption “Term A Eurodollar Spread,” “Term A Base Rate Spread,” “Eurodollar Revolving Spread” or “Base Rate Revolving Spread” based upon the corresponding corporate family ratings of the Borrower (from at least two of S&P, Moody’s and Fitch).

Corporate Family Rating	Term A Eurodollar Spread	Eurodollar Revolving Spread	Term A Base Rate Spread	Base Rate Revolving Spread	Commitment Fee
Category 1 BBB+/Baa1/BBB+	1.125%	1.125%	0.125%	0.125%	0.120%
Category 2 BBB/Baa2/BBB	1.250%	1.250%	0.250%	0.250%	0.150%
Category 3 BBB-/Baa3/BBB-	1.375%	1.375%	0.375%	0.375%	0.200%
Category 4 BB+/Ba1/BB+	1.500%	1.500%	0.500%	0.500%	0.250%
Category 5 BB/Ba2/BB	1.750%	1.750%	0.750%	0.750%	0.300%
Category 6 ≤ BB-/Ba3/BB-	2.000%	2.000%	1.000%	1.000%	0.350%

For purposes of the foregoing, (i) if the ratings established by two or more rating agencies for the Borrower shall fall within the same Category, the Applicable Margin shall be determined by reference to such Category, (ii) if none of Moody's, S&P or Fitch shall have in effect a rating for the Borrower, then the Applicable Margin shall be based on Category 6; (iii) if only one rating agency shall have in effect a rating for the Borrower, the Applicable Margin shall be determined by reference to the Category in which such rating falls, (iv) if each of Moody's, S&P and Fitch have a ratings in effect and the ratings established or deemed to have been established by Moody's, S&P and Fitch for the Borrower shall fall within different Categories, the Applicable Margin shall be based on the middle of the three ratings; and (v) if only two of S&P, Moody's and Fitch shall have in effect a rating for the Borrower and such ratings shall fall within different Categories, the Applicable Margin shall be based on the higher of the two ratings unless one of the two ratings is two or more Categories lower than the other, in which case the Applicable Margin shall be determined by reference to the Category below that of the higher of the two ratings.

Initially the Applicable Margin shall be determined based on Category 4. Thereafter, if the ratings established or deemed to have been established by Moody's, S&P and Fitch for the Borrower shall be changed (other than as a result of a change in the rating system of Moody's, S&P or Fitch), such change shall be effective as of the date on which it is first announced by the applicable rating agency. Each change in the Applicable Margin shall apply during the period commencing on the effective date of such change and ending on the date immediately preceding the effective date of the next such change. If the rating system of Moody's, S&P or Fitch shall change, or if any such rating agency shall cease to be in the business of rating corporations, unless the Borrower has exercised its option in the last sentence

of this paragraph with respect to such rating agency, the Borrower and the Lenders shall negotiate in good faith to amend this definition to reflect such changed rating system or if the unavailability of ratings from such rating agency and, pending the effectiveness of any such amendment, the Applicable Margin shall be determined by reference to the rating most recently in effect prior to such change or cessation. In addition, the Borrower shall have the right to cease maintaining ratings from one ratings agency and, upon notice of such election to the Administrative Agent, the Applicable Margin shall be determined by reference to the ratings of the two remaining ratings agencies.

“*Application*” is defined in Section 2.3(b) hereof.

“*Approved Fund*” means any Person (other than a natural person) that is engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course of its business and that is administered or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers or manages a Lender.

“*Assignment and Assumption*” means an assignment and assumption entered into by a Lender and an Eligible Assignee (with the consent of any party whose consent is required by Section 10.10), and accepted by the Administrative Agent, in substantially the form of Exhibit G or any other form approved by the Administrative Agent and the Borrower.

“*Authorized Representatives*” means those persons shown on the list of officers provided by the Borrower pursuant to Section 3.2(a)(iv) hereof or on any update of any such list provided by the Borrower to the Administrative Agent, or any further or different officers of the Borrower so named by any Authorized Representative of the Borrower in a written notice to the Administrative Agent.

“*Available Amount*” means, at any time, an amount equal to, without duplication:

(a) the sum, without duplication, of:

(i) \$100.0 million; *plus*

(ii) the Available ECF Amount; *plus*

(iii) the amount of any capital contributions or other equity issuances received as cash equity by the Borrower, *plus* the fair market value, as determined in good faith by the Borrower, of marketable securities or other property received by the Borrower as a capital contribution or in return for issuances of equity, in each case, during the period from and including the Business Day immediately following the Escrow Release Date through and including such time; *plus*

(iv) the aggregate principal amount of any Indebtedness or Disqualified Equity Interests, in each case, of the Borrower or any Restricted Subsidiary issued after the Escrow

Release Date (other than Indebtedness or such Disqualified Equity Interests issued to the Borrower or a Restricted Subsidiary), which has been converted into or exchanged for Equity Interests of the Borrower that do not constitute Disqualified Equity Interests, together with the fair market value of any Cash Equivalents and the fair market value (as reasonably determined by the Borrower) of any property or assets received by the Borrower or any Restricted Subsidiary upon such exchange or conversion; *plus*

(v) the net proceeds received by the Borrower or any Restricted Subsidiary after the Escrow Release Date in connection with the sale or other disposition to a Person (other than the Borrower or any Restricted Subsidiary) of any investment made pursuant to Section 6.17(o) (in an amount not to exceed the original amount of such investment); *plus*

(vi) the proceeds received by the Borrower or any Restricted Subsidiary after the Escrow Release Date in connection with returns, profits, distributions and similar amounts, repayments of loans and the release of guarantees received on any investment made pursuant to Section 6.17(o) (in an amount not to exceed the original amount of such investment); *plus*

(vii) the amounts of any Declined Proceeds; *plus*

(viii) an amount equal to the sum of (A) in the event any Unrestricted Subsidiary has been redesignated as a Restricted Subsidiary or has been merged, consolidated or amalgamated with or into, or is liquidated into, the Borrower or any Restricted Subsidiary, the amount of the investments of the Borrower or any Restricted Subsidiary in such Subsidiary made pursuant to Section 6.9 (in an amount not to exceed the original amount of such investment) and (B) the fair market value (as reasonably determined by the Borrower) of the property or assets of any Unrestricted Subsidiary that have been transferred, conveyed or otherwise distributed to the Borrower or any Restricted Subsidiary after the Escrow Release Date from any dividend or other distribution by an Unrestricted Subsidiary; *minus*

(b) the sum, without duplication, of:

(i) the aggregate amount of any investments made by the Borrower or any Restricted Subsidiary pursuant to clause (b)(ii) of the defined term "Permitted Acquisition" in reliance on Section 6.17(l) after the Escrow Release Date and prior to such time;

(ii) the aggregate amount of any investments, loans or advances made by the Borrower or any Restricted Subsidiary pursuant to Section 6.17(o) after the Escrow Release Date and prior to such time;

(iii) the aggregate amount of any Distributions made by the Borrower pursuant to Section 6.18(f)(y) after the Escrow Release Date and prior to such time; and

(iv) the aggregate amount of any optional or voluntary payments, prepayments, repurchases, redemptions or defeasances made by the Borrower or any Restricted Subsidiary pursuant to Section 6.20(a)(iv)(y) after the Escrow Release Date and prior to such time.

“*Available ECF Amount*” means, on any date, the positive amount, if any, determined on a cumulative basis equal to Excess Cash Flow for each year, commencing with the first full fiscal year ended after the Escrow Release Date and ending with the fiscal year of the Borrower most recently ended prior to the date of determination for which financial statements and a Compliance Certificate have been delivered pursuant to Section 6.1(e) *minus* the Restricted ECF Amount for such period *minus* the cumulative ECF Payments for such period.

“*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.

“*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* ½ of 1% and (c) the Adjusted LIBOR 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, the Adjusted LIBOR for any day shall be based on the Adjusted LIBOR at approximately 11:00 a.m. (London time) on such day. If the Base Rate is being used as an alternate rate of interest pursuant to Section 8.3(b), then the Base Rate with respect to Term A-1 Loans and Revolving Loans shall be the greater of clause (a) and (b) above and shall be determined without reference to clause (c) above. Any change in the Base Rate due to a change in the Prime Rate, the NYFRB Rate or the Adjusted LIBOR shall be effective from and including the effective date of such change in the Prime Rate, the NYFRB Rate or the Adjusted LIBOR, respectively.

“*Base Rate Loan*” means a Term Loan or Revolving Loan bearing interest at a rate specified in Section 2.4(a) or Section 2.4(c) hereof, as applicable.

“*Borrower*” is defined in the introductory paragraph of this Agreement.

“*Borrower Materials*” has the meaning assigned to such term in Section 10.25.

“*Borrower SEC Documents*” means all reports, schedules, forms, proxy statements, prospectuses (including prospectus supplements), registration statements and other information filed by the Borrower with the U.S. Securities and Exchange Commission or furnished by the Borrower to the U.S. Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934.

“*Borrowing*” means the total of Loans of a single type advanced, continued for an additional Interest Period, or converted from a different type into such type by the Lenders under

the applicable Facility on a single date and, in the case of Eurodollar Loans, for a single Interest Period. Borrowings of Loans are made and maintained ratably from each of the Lenders under the applicable Facility according to their Percentages of such Facility. A Borrowing of Loans is “advanced” on the day Lenders advance funds comprising such Borrowing to the Borrower, is “continued” on the date a new Interest Period for the same type of Loans commences for such Borrowing, and is “converted” when such Borrowing is changed from one (1) type of Loan to the other, all as requested by the Borrower pursuant to Section 2.5(a) hereof. Base Rate Loans and Eurodollar Loans are each a “type” of Loan.

“*Business Day*” means, any day (other than a Saturday or Sunday) on which banks are not authorized or required to close in the State of New York; *provided, however*, that, when used in connection with a Eurodollar Loan denominated in Dollars, the term “Business Day” shall also exclude any day on which banks are not open for dealings in Dollar deposits in the London interbank market.

“*Capital Lease*” means any lease of Property which in accordance with GAAP is required to be capitalized on the balance sheet of the lessee; *provided* that, notwithstanding the foregoing, in no event will any lease that would have been categorized as an operating lease as determined with GAAP as of the Closing Date be considered a Capital Lease (whether or not such lease was in effect on such date) regardless of any change in GAAP following the Closing Date that would otherwise require such obligations to be recharacterized (on a prospective or retroactive basis or otherwise) as a Capital Lease.

“*Capitalized Lease Obligation*” means, for any Person, the amount of the liability shown on the balance sheet of such Person in respect of a Capital Lease determined in accordance with GAAP.

“*Captive Insurance Subsidiary*” means any Restricted Subsidiary of the Borrower that is subject to regulation as an insurance company (or any Restricted Subsidiary thereof).

“*Cash Equivalents*” means, as to any Person: (a) investments in direct obligations of the United States of America or any member of the European Union or of any agency or instrumentality thereof whose obligations constitute full faith and credit obligations of the United States of America or any member of the European Union or obligations guaranteed by the United States of America or any member of the European Union or any agency thereof; *provided* that any such obligations shall mature within one (1) year of the date of issuance thereof; (b) investments in commercial paper rated at least P-2 by Moody’s or at least A-2 by S&P (or, if at any time neither Moody’s nor S&P shall be rating such obligations, an equivalent rating from another nationally recognized rating service) maturing within 90 days from the date of issuance thereof; (c) investments in certificates of deposit or bankers’ acceptances issued by any Lender or by any domestic or foreign bank having capital and surplus of not less than \$500.0 million in the case of U.S. banks and \$100.0 million in the case of non-U.S. banks which have a maturity of

one (1) year or less; (d) investments in repurchase obligations with a term of not more than thirty (30) days for underlying securities of the types described in clause (a) above entered into with any bank meeting the qualifications specified in clause (c) above; *provided* that all such agreements require physical delivery of the securities securing such repurchase agreement, except those delivered through the Federal Reserve Book Entry System; (e) marketable short-term money market or similar securities having a rating of at least P-2 by Moody's or A-2 by S&P (or, if at any time neither Moody's nor S&P shall be rating such obligations, an equivalent rating from another nationally recognized rating service), (f) (i) Dollars, Canadian dollars, pounds, Euros or any national currency of any participating member state of the EMU; or (ii) in the case of any Foreign Subsidiary that is a Restricted Subsidiary or any jurisdiction in which the Borrower and the Restricted Subsidiaries conduct business, such local currencies held by it from time to time in the ordinary course of business and (g) investments in money market funds that invest at least 90.0% of their assets in investments of the type described in the immediately preceding clauses (a) through (f) above. In the case of investments by any Foreign Subsidiary that is a Restricted Subsidiary or investments made in a country outside the United States of America, Cash Equivalents shall also include (i) investments of the type and maturity described in clauses (a) through (g) above of foreign obligors, which investments or obligors (or the parents of such obligors) have ratings described in such clauses or equivalent ratings from comparable foreign rating agencies and (ii) other short-term investments utilized by Foreign Subsidiaries that are Restricted Subsidiaries in accordance with normal investment practices for cash management in investments analogous to the foregoing investments in clauses (a) through (g) and in this sentence. Notwithstanding the foregoing, Cash Equivalents shall include amounts denominated in currencies other than those set forth in clause (f)(i) above; *provided* that such amounts are converted into any currency listed in clause (f)(i) above as promptly as practicable and in any event within ten (10) Business Days following the receipt of such amounts.

*"Cash Flow"* means, with reference to any period, the difference (if any) of (a) Consolidated Net Income for such period *plus* the sum of all amounts deducted in arriving at such Consolidated Net Income amount in respect of all Charges for (without duplication) (i) depreciation of fixed assets and amortization of intangible assets for such period and (ii) all other Non-Cash Charges for such period *minus (plus)* (b) additions (reductions) to Consolidated Working Capital of the Borrower and its Restricted Subsidiaries for such period (but excluding any such addition or reduction, as applicable, arising from any Acquisition or Disposition by the Borrower or any of its Restricted Subsidiaries or the reclassification during such period of current assets to long term assets (and vice versa) and current liabilities to long term liabilities (and vice versa) and the application of purchase accounting) *minus* (c) all non-cash gains or benefits added in computing Consolidated Net Income for such period *minus (plus)* (d) any non-cash charges (gains) attributable to the movement in the mark to market valuation of Hedging Obligations or other derivative instruments pursuant to GAAP *minus (plus)* (e) any effects of purchase accounting adjustments (including the effects of such adjustments pushed down to such person and such Subsidiaries) in amounts required or permitted by GAAP, resulting from the application of purchase accounting in relation to any consummated acquisition or the

amortization or write-off of any amounts thereof, net of Taxes *minus (plus)* (f) any net unrealized gain (loss) (after any offset) resulting in such period from currency translation and transaction gains (losses) including those related to currency remeasurements of Indebtedness (including any net gain (loss) resulting from (i) Hedging Obligations for currency exchange risk and (ii) resulting from intercompany indebtedness) and any other foreign currency transaction or translation gains and losses, to the extent such gains (losses) are non-cash items.

“*Cash Management Services*” means treasury, depository, overdraft, credit or debit card, including noncard payables services, purchase card, electronic funds transfer, automated clearing house fund transfer services and other cash management services.

“*Cayman Share Mortgage*” means the Cayman Islands law governed equitable share mortgage in respect of shares of Western Digital International Ltd. dated as of the Escrow Release Date between Western Digital Technologies, Inc. and the Collateral Agent.

“*CFC*” means a “controlled foreign corporation” within the meaning of Section 957 of the Code.

“*CFC Holdco*” means any Domestic Subsidiary with no material assets other than equity interests of one or more Foreign Subsidiaries that are CFCs.

A “*Change of Control*” shall be deemed to have occurred if (a) any “person” or “group” (as such terms (and each other reference thereto in this clause) are used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, but excluding any employee benefit plan of such Person and its subsidiaries, and any Person or entity acting in its capacity as trustee, agent or other fiduciary or administrator of any such plan), shall become the “beneficial owner” (as defined in Rules 13(d)-3 and 13(d)-5 under such Act), directly or indirectly, of more than 35.00% of outstanding Voting Stock of the Borrower or (b) during any 24 consecutive month period, commencing after the Escrow Release Date, the board of directors of the Borrower shall cease to consist of a majority of Continuing Directors. Notwithstanding the foregoing, a transaction will not be deemed to involve a Change of Control if (x) the Borrower becomes a direct or indirect wholly-owned Subsidiary of another Person and (y) (i) the shares of the Borrower’s Voting Stock outstanding immediately prior to such transaction constitute, or are converted into or exchanged for, a majority of the Voting Stock of such Person immediately after giving effect to such transaction or (ii) immediately following that transaction, no Person (other than a Person satisfying the requirements of this sentence) is the beneficial owner, directly or indirectly, of more than 50% of the voting power of the Voting Stock of such Person.

“*changed date*” shall have the meaning assigned to such term in the definition of the term “Fiscal Quarter End Date.”

“*Charges*” means any charge, expense, cost, accrual or reserve of any kind.

“*Class*” means (a) with respect to Lenders, each of the following classes of Lenders: (i) Lenders having Term A-1 Loan Commitments or outstanding Term A-1 Loans, (ii) Lenders having U.S. Term B-4 Commitments or outstanding U.S. Term B-4 Loans or (iii) Lenders having Revolving Exposure and (b) with respect to Loans, each of the following classes of Loans: (i) Term A-1 Loans, (ii) U.S. Term B-4 Loans and (iii) Revolving Loans.

“*Closing Date*” means April 29, 2016.

“*Co-Documentation Agents*” means, collectively, The Bank of Tokyo-Mitsubishi UFJ, Ltd., SunTrust Bank, HSBC Bank PLC, Sumitomo Mitsui Banking Corporation, Citibank, N.A., TD Bank, N.A., BBVA Compass, The Bank of Nova Scotia and BNP Paribas SA.

“*Co-Syndication Agents*” means, collectively, J.P. Morgan Securities LLC Bank of America, N.A., Mizuho Bank, Ltd., RBC Capital Markets and Wells Fargo Securities, LLC.

“*Code*” means the Internal Revenue Code of 1986.

“*Collateral*” means (a) prior to the Escrow Release Date, the Escrow Account Funds and (b) on and after the Escrow Release Date, all properties, rights, interests, and privileges of the Loan Parties on which a Lien is required to be granted to the Collateral Agent, or any security trustee therefor, by Section 4.1 and Section 4.2.

“*Collateral Account*” is defined in Section 7.4(b) hereof.

“*Collateral Agent*” means JPMorgan Chase Bank, N.A. and any successor pursuant to Section 9.7 hereof.

“*Collateral and Guarantee Period*” is defined in Section 9.12 hereof.

“*Collateral and Guarantee Suspension Date*” means any Business Day following the Amendment No. 7 Effective Date on which (I) (a) the Borrower has achieved a corporate family rating equal to or higher than the following from at least two of the following three ratings agencies: (i) at least Ba1 from Moody’s, (ii) at least BB+ from S&P and (iii) at least BB+ from Fitch, in each case, with a stable or better outlook, (b) there exists no Priority Debt then outstanding other than (x) Priority Debt in an aggregate amount not in excess of the greater of \$2,000 million and 12.5% of Consolidated Total Assets and (y) the Obligations under this Agreement (to the extent constituting Priority Debt) (assuming for purposes of this clause (b), that a Collateral and Guarantee Suspension Period is in effect) and (c) no U.S. Term B-4 Loans or any other term B Loans under this Agreement remain outstanding and (II) the Administrative Agent shall have received a certificate from a Responsible Officer of the Borrower certifying as to the satisfaction (or concurrent satisfaction) of the foregoing.

“*Collateral and Guarantee Suspension Period*” is defined in Section 9.12 hereof.

“*Collateral Documents*” means the Escrow Agreement, the Security Agreement (as supplemented by each Security Agreement Supplement), the Intellectual Property Security Agreements, the Cayman Share Mortgage, Mortgages and all other security agreements, pledge agreements, assignments, financing statements and other documents pursuant to which Liens are granted to the Collateral Agent or such Liens are perfected, and as shall from time to time secure the Obligations, the Hedging Liability, and the Funds Transfer Liability, Deposit Account Liability and Data Processing Obligations, or any part thereof pursuant to Article 4.

“*Collateral Reinstatement Date*” is defined in Section 9.12 hereof.

“*Commitment Fee*” is defined in Section 2.13(a) hereof.

“*Commitment Increase*” is defined in Section 2.14(a) hereof.

“*Commitments*” means, with respect to any Lender, such Lender’s applicable Revolving Credit Commitment and/or Term Loan Commitment.

“*Commodity Exchange Act*” means the Commodity Exchange Act (7 U.S.C. § 1 *et seq.*), as amended from time to time, and any successor statute.

“*Company Material Adverse Effect*” has the meaning assigned to that term in the Acquisition Agreement (as in effect on the Closing Date).

“*Compliance Certificate*” means the Compliance Certificate to be delivered pursuant to Section 6.1(e) hereof, substantially in the form of Exhibit F hereof.

“*Consolidated Adjusted EBITDA*” means, for any period, the Consolidated Net Income for such period, *plus*:

(a) without duplication and to the extent already deducted (and not added back) in arriving at such Consolidated Net Income (other than in the case of clause (xii) below), the sum of the following amounts for such period:

(i) interest expense (including, to the extent deducted and not added back in computing Consolidated Net Income, (A) amortization of original issue discount resulting from the issuance of Indebtedness at less than par, (B) all commissions, discounts and other fees and charges owed with respect to letters of credit or bankers’ acceptances, (C) non-cash interest payments, (D) the interest component of Capitalized Lease Obligations, (E) net payments, if any, made (less net amounts, if any, received) pursuant to interest rate hedging obligations with respect to Indebtedness, (F) amortization or write-off of deferred financing fees, debt issuance costs, commissions, fees and expenses, including commitment, letter of credit and administrative fees and charges with respect to Indebtedness permitted to be incurred hereunder and (G) any expensing of bridge, commitment and other financing fees), after giving effect to the impact of interest rate risk hedging, and, to the extent not reflected in such interest expense, unused line fees and letter of credit fees payable hereunder,

(ii) provision for taxes based on income, profits or capital, including federal, foreign, state, franchise, excise and similar taxes paid or accrued during such period (including in respect of repatriated funds),

(iii) depreciation and amortization, including amortization of intangible assets established through purchase accounting and amortization of deferred financing fees or costs (which shall include, without duplication, with respect to calculation of the Leverage Ratio and the ratio of Consolidated Adjusted EBITDA to Interest Expense for purposes of Section 6.22 only, payments by the Borrower or the Restricted Subsidiaries to Flash Partners Ltd., Flash Alliance Ltd., Flash Forward Ltd. or any other joint venture with Toshiba Corporation or Toshiba Memory Corporation (or any of their Affiliates) with respect to the Borrower or a Restricted Subsidiary's 50% (or other) share of such joint venture's expense related to equipment depreciation),

(iv) any Charges (other than depreciation or amortization expense) related to any equity offering, investment, acquisition, disposition, recapitalization or the incurrence or repayment of Indebtedness (including a refinancing or amendment, waiver or other modification thereof) (whether or not successful), including in connection with the Transactions,

(v) Non-Cash Charges,

(vi) (A) extraordinary Charges and (B) unusual or nonrecurring Charges, in each case, to the extent not of a type described in clause (viii),

(vii) all cash and Non-Cash Charges and expenses incurred before the Closing Date with respect to the Seagate Arbitration to the extent that the aggregate amount of all such Charges and expenses do not exceed \$32 million,

(viii) Charges attributable to the undertaking and/or implementation of cost savings initiatives, operating expense reductions and other restructuring, integration or transformational charges (including inventory optimization expenses, business optimization expenses, transaction costs and costs related to the opening, closure, consolidation or separation of facilities and curtailments, costs related to entry into new markets, consulting fees, recruiter fees, signing costs, retention or completion bonuses, transition costs, relocation costs, severance payments, and modifications to pension and post-retirement employee benefit plans); *provided* that amounts added back pursuant to this clause (viii), together with any amounts added back pursuant to clause (xii) below and the amount of any Pro Forma Adjustment to Consolidated Adjusted EBITDA for such period, shall not exceed the greater of \$500 million and 15% of Consolidated Adjusted EBITDA for such period (calculated prior to giving effect to any such add-back); *provided further* that Charges relating to (A) the Transactions and (B) up to \$800 million of the foregoing in connection with the MOFCOM Restructuring, in each case, added back to Consolidated Adjusted EBITDA pursuant to this clause (viii) for any period ending on or prior to the 24th month following the Escrow Release Date shall not be subject to the caps in the preceding proviso,

(ix) the amount of any minority interest expense consisting of subsidiary income attributable to minority Equity Interests of third parties in any non-Wholly-owned Subsidiary,

(x) [reserved],

(xi) [reserved],

(xii) expected cost savings, operating expense reductions, restructuring charges and expenses and synergies (net of the amount of actual amounts realized) reasonably identifiable and factually supportable and reasonably anticipated to be realized within 18 months of the date thereof (in the good faith determination of the Borrower) related to permitted asset sales, acquisitions, investments, dispositions, operating improvements, restructurings, cost savings initiatives and certain other similar initiatives and specified transactions conducted after the Escrow Release Date; *provided* that amounts added back pursuant to this clause (xii), together with any amounts added back pursuant to clause (viii) above and the amount of any Pro Forma Adjustment to Consolidated Adjusted EBITDA for such period, shall not exceed the greater of \$500 million and 15% of Consolidated Adjusted EBITDA for such period (calculated prior to giving effect to any such add-back); *provided further* that any of the foregoing in connection with (A) the Transactions and (B) up to \$650 million of the foregoing in connection with the MOFCOM Restructuring, in each case, added back to Consolidated Adjusted EBITDA pursuant to this clause (xii) for any period ending on or prior to the 24th month following the Escrow Release Date shall not be subject to the caps in the preceding proviso,

(xiii) transaction fees, costs and expenses incurred to the extent reimbursable by third parties pursuant to indemnification provisions or insurance; *provided* that the Borrower in good faith expects to receive reimbursement for such fees, costs and expenses within the next four (4) fiscal quarters (it being understood that to the extent not actually received within such fiscal quarters, such reimbursement amounts shall be deducted in calculating Consolidated Adjusted EBITDA at the end of such four fiscal quarter period),

(xiv) earn-out obligations incurred in connection with any Permitted Acquisitions or other investment and paid or accrued during the applicable period and on similar acquisitions, and

(xv) casualty or business interruption insurance in an amount representing the losses for the applicable period that such proceeds are intended to replace (whether or not yet received so long as the Borrower in good faith expects to receive the same within the next four (4) fiscal quarters (it being understood that to the extent not actually received within such fiscal quarters, such proceeds shall be deducted in calculating Consolidated Adjusted EBITDA for such fiscal quarters in the future)); *less*

(b) without duplication and to the extent included in arriving at such Consolidated Net Income, the sum of the following amounts for such period:

(i) extraordinary gains and unusual or non-recurring gains, and

(ii) non-cash gains (excluding any non-cash gain to the extent it represents the reversal of an accrual or reserve for a potential cash item that reduced Consolidated Adjusted EBITDA in any prior period); *provided*, in each case, that, if any non-cash gain represents an accrual or asset for future cash items in any future period, the cash payment in respect thereof shall in such future period be added to Consolidated Adjusted EBITDA for such period to the extent excluded from Consolidated Adjusted EBITDA in any prior period,

(c) increased or decreased by (without duplication):

(i) any net gain or loss resulting in such period from Hedging Obligations and the application of Accounting Standards Codification Topic 815 and International Accounting

Standards No. 39 and their respective related pronouncements and interpretations; *plus* or *minus*, as applicable,

- (ii) any net gain or loss resulting in such period from currency translation gains or losses related to currency remeasurements of indebtedness (including any net loss or gain resulting from hedge agreements for currency exchange risk),
- (iii) any effects of purchase accounting adjustments (including the effects of such adjustments pushed down to such person and such Subsidiaries) in amounts required or permitted by GAAP, resulting from the application of purchase accounting in relation to any consummated acquisition or the amortization or write-off of any amounts thereof, net of Taxes, and
- (iv) any adjustments resulting from the application of Accounting Standards Codification Topic 460, Guarantees, or any comparable regulation,

in each case, as determined on a consolidated basis for the Borrower and its Restricted Subsidiaries in accordance with GAAP.

“*Consolidated Net Income*” means, for any period, the net income (loss) attributable to the Borrower and its Restricted Subsidiaries for such period determined on a consolidated basis in accordance with GAAP, excluding, without duplication, (a) the cumulative effect of a change in accounting principles during such period to the extent included in net income (loss), (b) accruals and reserves that are established or adjusted as a result of the Transactions in accordance with GAAP or changes as a result of the adoption or modification of accounting policies during such period, (c) the income (or loss) of any Person in which any other Person has an ownership interest, except to the extent of the amount of dividends or other distributions actually paid to the Borrower or any of its Restricted Subsidiaries by such Person during such period, (d) the income of any Restricted Subsidiary of the Borrower (other than any other Loan Party) to the extent that the declaration or payment of dividends or similar distributions by that Restricted Subsidiary of that income is subject to an absolute prohibition during such period by operation of the terms of its charter or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to that Restricted Subsidiary (other than any prohibition that has been waived or otherwise released), except to the extent of the amount of dividends or other distributions actually paid by such Restricted Subsidiary to the Borrower or any other Restricted Subsidiary that is not subject to such prohibitions, (e) the income (or loss) of any Person accrued prior to the date it becomes a Restricted Subsidiary of the Borrower or is merged into or consolidated with the Borrower or any of its Restricted Subsidiaries or that Person’s assets are acquired by the Borrower or any of its Subsidiaries (except as provided in the definition of “*Pro Forma Basis*”), (f) after tax gains or Charges (less all fees and expenses chargeable thereto) attributable to any asset dispositions outside the ordinary course of business (including asset retirement costs) or of returned surplus assets of any employee benefit plan, (g) any net gains or Charges with respect to (i) disposed, abandoned, divested and/or discontinued assets, properties or operations (other than assets, properties or operations pending the disposal, abandonment, divestiture and/or termination

thereof) and (ii) facilities that have been closed during such period, (h) any net income or loss (less all fees and expenses or charges related thereto) attributable to the early extinguishment of Indebtedness, hedging obligations or other derivative instruments and (i) any write-off or amortization made in such period of deferred financing costs and premiums paid or other expenses incurred directly in connection with any early extinguishment of Indebtedness.

“*Consolidated Senior Secured Debt*” means, at any date of determination, the aggregate principal amount of Total Funded Debt outstanding on such date that is secured by a Lien on any asset or property of the Borrower or the Restricted Subsidiaries, which Total Funded Debt is not, by its terms, subordinated in right of payment to the Obligations.

“*Consolidated Total Assets*” means, at any time, all assets that would, in conformity with GAAP, be set forth under the caption “total assets” (or any like caption) on a consolidated balance sheet of the Borrower and the Restricted Subsidiaries at such date.

“*Consolidated Working Capital*” means, at any time, Current Assets *minus* Current Liabilities, at such time.

“*Contingent Obligation*” means as to any Person, any obligation of such Person guaranteeing or intended to guarantee any Indebtedness (“*primary obligations*”) of any other Person (the “*primary obligor*”) in any manner, whether directly or indirectly, including, without limitation, any obligation of such Person, whether or not contingent, (i) to purchase any such primary obligation or any Property constituting direct or indirect security therefor, (ii) to advance or supply funds (x) for the purchase or payment of any such primary obligation or (y) to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor, (iii) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation or (iv) otherwise to assure or hold harmless the holder of such primary obligation against loss in respect thereof; *provided, however*, that the term Contingent Obligation shall not include endorsements of instruments for deposit or collection in the ordinary course of business. The amount of any Contingent Obligation shall be deemed to be an amount equal to the stated or determinable amount of the primary obligation in respect of which such Contingent Obligation is made or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof (assuming such Person is required to perform thereunder) as determined by such Person in good faith.

“*Continuing Director*” means, at any date, any individual (a) who is a director of the Borrower on the Escrow Release Date after giving effect to the Schrader Acquisition and the other transactions contemplated thereby or (b) whose nomination for election to the board of directors of the Borrower is recommended by a majority of the directors who were either directors of the Borrower on the Escrow Release Date (after giving effect to the Schrader

Acquisition and the other transactions contemplated thereby) or whose election or nomination for election was previously so approved by directors who were Continuing Directors.

“*Contract Consideration*” shall have the meaning assigned to such term in the definition of the term “Excess Cash Flow.”

“*Controlled Group*” means all members of a controlled group of corporations and all trades or businesses (whether or not incorporated) or of an affiliated service group under common control which, together with the Borrower, are treated as a single employer under Section 414 of the Code.

“*Convertible Notes*” means any convertible senior notes issued under the Existing Indentures.

“*Credit Extension*” means the advancing of any Loan or the issuance or extension of, or increase in the amount of, any Letter of Credit.

“*Current Assets*” means, at any date, all assets of the Borrower and its Restricted Subsidiaries which under GAAP would be classified as current assets on the consolidated balance sheet of the Borrower and its Restricted Subsidiaries (excluding any (i) cash or Cash Equivalents (including cash and Cash Equivalents held on deposit for third parties by the Borrower or any of its Restricted Subsidiaries), (ii) permitted loans to third parties or related parties, (iii) deferred bank fees and derivative financial instruments related to Indebtedness, (iv) the current portion of current and deferred income Taxes and Taxes based on profit or capital and (v) assets held for sale).

“*Current Liabilities*” means, at any date, all liabilities of the Borrower and its Restricted Subsidiaries which under GAAP would be classified as current liabilities on the consolidated balance sheet of the Borrower and its Restricted Subsidiaries, other than (i) current maturities of long-term debt, (ii) outstanding revolving loans and letter of credit reimbursement obligations, (iii) accruals of Interest Expense (excluding Interest Expense that is due and unpaid), (iv) obligations in respect of derivative financial instruments related to Indebtedness, (v) the current portion of current and deferred income Taxes and Taxes based on profit or capital (including obligations in respect of any tax receivable agreement), (vi) liabilities in respect of unpaid earnouts, (vii) accruals relating to restructuring reserves, (viii) liabilities in respect of funds of third parties on deposit with the Borrower or any of its Restricted Subsidiaries, (ix) the current portion of any Capitalized Lease Obligation, (x) the current portion of any other long-term liability for borrowed money, (xi) permitted short term indebtedness from third parties or related parties and (xii) settlement obligations.

“*Damages*” means all damages including, without limitation, punitive damages, liabilities, costs, expenses, losses, judgments, diminutions in value, fines, penalties, demands, claims, cost recovery actions, lawsuits, administrative proceedings, orders, response action,

removal and remedial costs, compliance costs, investigation expenses, consultant fees, attorneys' and paralegals' fees and litigation expenses.

“*Declined Proceeds*” has the meaning provided in Section 2.8(c)(vii) hereof.

“*Default*” means any event or condition the occurrence of which would, with the passage of time or the giving of notice, or both, constitute an Event of Default.

“*Default Excess*” has the meaning provided in Section 2.8(d) hereof.

“*Defaulting Lender*” means any Lender that (a) has failed to fund any portion of the Loans or participations in Reimbursement Obligations required to be funded by it hereunder within three (3) Business Days of the date required to be funded by it hereunder unless such failure has been cured, unless such Lender notifies the Administrative Agent in writing that such failure is the result of such Lender's good faith determination that a condition precedent to funding (specifically identified and including the particular default, if any) has not been satisfied, (b) has otherwise failed to pay over to the Administrative Agent or any other Lender any other amount required to be paid by it hereunder within three (3) Business Days of the date when due, unless the subject of a good faith dispute or unless such failure has been cured, (c) has notified the Borrower or the Administrative Agent that it does not intend to comply with its funding obligations or has made a public statement to that effect with respect to its funding obligations hereunder or generally under other agreements in which it commits to extend credit unless such Lender notifies the Administrative Agent in writing or such public statement that such failure is the result of such Lender's good faith determination that a condition precedent to funding (specifically identified and including the particular default, if any) has not been satisfied, (d) has failed, within three (3) Business Days after request by the Administrative Agent, to confirm to the Administrative Agent in a reasonably satisfactory manner that it will comply with its funding obligations (provided that such Lender shall cease to be a Defaulting Lender pursuant to this clause (d) upon receipt by the Administrative Agent of such written confirmation) or (e) has, or has a direct or indirect parent company that has, (i) become the subject of a bankruptcy or insolvency proceeding, (ii) had a receiver, conservator, trustee, administrator, assignee for the benefit of creditors or similar Person charged with reorganization or liquidation of its business or a custodian appointed for it, (iii) taken any action in furtherance of, or indicated its consent to, approval of or acquiescence in any such proceeding or appointment or (iv) become the subject of a Bail-In Action; *provided* that a Lender shall not be a Defaulting Lender solely by virtue of the ownership or acquisition of any equity interest in that Lender or any direct or indirect parent company thereof by a Governmental Authority. Any determination by the Administrative Agent that a Lender is a Defaulting Lender under any one or more of clauses (a) through (e) above shall be conclusive and binding absent manifest error, and such Lender shall be deemed to be a Defaulting Lender (subject to Section 2.18) upon delivery of written notice of such determination to the Borrower, the Lenders and the L/C Issuer.

“*Departing Administrative Agent*” is defined in Section 9.7 hereof.

“*Designated Non-Cash Consideration*” means the fair market value (as determined by the Borrower in good faith) of non-cash consideration received by the Borrower or a Restricted Subsidiary in connection with a disposition pursuant to Section 6.16(o) or (p) that is designated as Designated Non-Cash Consideration pursuant to a certificate of an officer of the Borrower, setting forth the basis of such valuation (which amount will be reduced by the fair market value of the portion of the non-cash consideration converted to cash or Cash Equivalents).

“*Disposition*” means the sale, lease, conveyance or other disposition of Property pursuant to Section 6.16(p), Section 6.16(q) or Section 6.16(r).

“*Disqualified Equity Interests*” means any Equity Interest which, by its terms (or by the terms of any security or other Equity Interests into which it is convertible or for which it is exchangeable), or upon the happening of any event or condition (i) matures (excluding any maturity as the result of an optional redemption by the issuer thereof) or is mandatorily redeemable (other than solely for Equity Interests which are not otherwise Disqualified Equity Interests or as a result of a Change of Control or asset sale so long as any rights of the holders thereof upon the occurrence of a Change of Control or asset sale shall be subject to the termination of the Facilities), pursuant to a sinking fund obligation or otherwise, (ii) is redeemable at the option of the holder thereof (other than solely for Equity Interests which are not otherwise Disqualified Equity Interests), in whole or in part, (iii) provides for scheduled payments or dividends in cash, or (iv) is or becomes convertible into or exchangeable for Indebtedness or any other Equity Interests that would constitute Disqualified Equity Interests, in each case, prior to the date that is 91 days after the later of the Final Maturity Date and the Final Revolving Termination Date.

“*Distributions*” has the meaning provided in Section 6.18 hereof.

“*Dollars*” and “*\$*” each means the lawful currency of the United States of America.

“*Domestic Subsidiary*” means each Subsidiary of the Borrower that is organized under the Applicable Laws of the United States, any state thereof, or the District of Columbia.

“*Dutch Auction*” means an auction (an “*Auction*”) conducted by the Borrower or one (1) of its Subsidiaries in order to purchase Term B Loans (or any Term B Loans funded under a Term Commitment Increase, which for purposes of this definition shall be deemed to be Term B Loans (and the holders thereof, Term B Lenders)) in accordance with the following procedures:

(a) Notice Procedures. In connection with an Auction, the Borrower will provide notification to the Administrative Agent (for distribution to the relevant Term B Lenders) of the Term B Loans that will be subject to the Auction (an “*Auction Notice*”). Each Auction Notice shall be in a form reasonably acceptable to the Administrative Agent and shall contain (i) the total cash value of the bid, in a minimum amount of \$10.0 million with minimum increments of \$1.0 million (the “*Auction Amount*”), (ii) the discount to par, which shall be a range (the “*Discount Range*”) of percentages of the par principal amount of the Term B Loans at issue that represents the range of purchase prices that could be paid in the Auction and (iii) be extended, at the sole discretion of the Borrower, to (x) each Term B Lender and/or (y) each Lender with respect to any Term B Loan of any Class.

(b) Reply Procedures. In connection with any Auction, each relevant Term B Lender may, in its sole discretion, participate in such Auction and may provide the Administrative Agent with a notice of participation (the “*Return Bid*”) which shall be in a form reasonably acceptable to the Administrative Agent and shall specify (i) a discount to par that must be expressed as a percentage (the “*Reply Discount*”), which must be within the Discount Range, and (ii) a principal amount of such Term B Loans which must be in increments of \$1.0 million (the “*Reply Amount*”). A Term B Lender may avoid the minimum amount condition solely when submitting a Reply Amount equal to the Term B Lender’s entire remaining amount of such Class of Term B Loans. Term B Lenders may only submit one (1) Return Bid per Auction but each Return Bid may contain up to three (3) bids only one (1) of which can result in a Qualifying Bid (as defined below). In addition to the Return Bid, the participating Term B Lender must execute and deliver, to be held in escrow by the Administrative Agent, an Assignment and Assumption with the Dollar or Euro amount of the Term B Loan to be left in blank, which amount shall be completed by the Administrative Agent in accordance with the final determination of such Term B Lender’s Qualifying Bid pursuant to subclause (c) below.

(c) Acceptance Procedures. Based on the Reply Discounts and Reply Amounts received by the Administrative Agent, the Administrative Agent, in consultation with the Borrower, will determine the applicable discount (the “*Applicable Discount*”) for the Auction, which will be the lowest Reply Discount for which the Borrower or its Subsidiary, as applicable, can complete the Auction at the Auction Amount; *provided that*, in the event that the Reply Amounts are insufficient to allow the Borrower or its Subsidiary, as applicable, to complete a purchase of the entire Auction Amount, the Borrower or its Subsidiary shall either, at its election, (i) withdraw the Auction or (ii) complete the Auction at an Applicable Discount equal to the highest Reply Discount. The Borrower or its Subsidiary, as applicable, shall purchase the applicable Term B Loans (or the respective portions thereof) from each such Term B Lender with a Reply Discount that is equal to or greater than the Applicable Discount (“*Qualifying Bids*”) at the Applicable Discount; *provided that*, if the aggregate proceeds required to purchase all

such Term B Loans subject to Qualifying Bids would exceed the Auction Amount for such Auction, the Borrower or its Subsidiary, as applicable, shall purchase such Term B Loans at the Applicable Discount ratably based on the principal amounts of such Qualifying Bids (subject to rounding requirements specified by the Administrative Agent). If a Term B Lender has submitted a Return Bid containing multiple bids at different Reply Discounts, only the bid with the highest Reply Discount that is equal to or greater than the Applicable Discount will be deemed the Qualifying Bid of such Term B Lender. Each participating Term B Lender will receive notice of a Qualifying Bid as soon as reasonably practicable but in no case later than five (5) Business Days from the date the Return Bid was due.

(d) Additional Procedures. Furthermore, in connection with any Auction, upon submission by a Term B Lender of a Qualifying Bid, such Term B Lender will be obligated to sell the entirety or its allocable portion of the Reply Amount, as the case may be, at the Applicable Discount.

“*ECF Payment*” is defined in Section 2.8(c)(iii) hereof.

“*EEA Financial Institution*” means (a) any credit institution or investment firm established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority, (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition, or (c) any financial institution established in an EEA Member Country which is a subsidiary of an institution described in clauses (a) or (b) of this definition and is subject to consolidated supervision with its parent;

“*EEA Member Country*” means any of the member states of the European Union, Iceland, Liechtenstein, and Norway.

“*EEA Resolution Authority*” means any public administrative authority or any Person entrusted with public administrative authority of any EEA Member Country (including any delegee) having responsibility for the resolution of any EEA Financial Institution.

“*Eligible Assignee*” means (a) a Lender, (b) an Affiliate of a Lender, (c) an Approved Fund, and (d) any other Person (other than a natural person or a holding company, investment vehicle or trust for, or owned and operated for the primary benefit of, a natural person) approved in writing by (i) the Administrative Agent, (ii) in the case of any assignment of a Revolving Credit Commitment, the L/C Issuers, and (iii) unless an Event of Default has occurred and is continuing under Section 7.1(a), (j) or (k) hereof, the Borrower (each such approval not to be unreasonably withheld or delayed); *provided* that, in the case of assignments of Term B Loans, the Borrower shall be deemed to have consented to any such assignment unless it shall object thereto by written notice to the Administrative Agent within ten (10) Business Days after having received written notice from the Administrative Agent of such request for its

consent; *provided further* that, notwithstanding the foregoing, (A) “Eligible Assignee” shall not include (x) any Prohibited Lenders, (y) any natural person or any holding company, investment vehicle or trust for, or owned and operated for the primary benefit of, a natural person or (z) except to the extent provided in Section 10.10(h), the Borrower or any Subsidiary or Affiliate of the Borrower and (B) in the case of assignments of Revolving Credit Commitments or Revolving Exposure, no Person shall be an Eligible Assignee pursuant to clause (a), (b) or (c) above unless such Person is, or is an Affiliate or an Approved Fund of, an existing Lender under the Revolving Facility.

“*EMU*” means the economic and monetary union as contemplated in the Treaty on European Union.

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

“*Environmental Claim*” means any investigation, written notice, violation, written demand, written allegation, action, suit, injunction, judgment, order, consent decree, penalty, fine, lien, proceeding or claim (whether administrative, judicial or private in nature) arising pursuant to, or in connection with (a) an actual or alleged violation of, any Environmental Law, (b) from any actual or threatened abatement, removal, remedial, corrective or response action in connection with the Release of Hazardous Material, (c) an order of a Governmental Authority under Environmental Law or (d) from any actual or alleged damage, injury, threat or harm to human health or safety as it relates to exposure to Hazardous Materials or the Environment.

“*Environmental Law*” means any current or future Applicable Law pertaining to (a) the protection of the Environment, or health and safety as it relates to exposure to Hazardous Materials or (b) the management, manufacture, possession, presence, use, generation, transportation, treatment, storage, Release, threatened Release, abatement, removal, remediation or handling of, or exposure to, any Hazardous Material.

“*Environmental Liability*” means any liability, claim, action, suit, agreement, judgment or order arising under or relating to any Environmental Law for any damages, injunctive relief, losses, fines, penalties, fees, expenses (including reasonable fees and expenses of attorneys and consultants) or costs, whether contingent or otherwise, including those directly or indirectly resulting from or relating to: (a) any actual or alleged violation of any Environmental Law or permit, license or approval issued thereunder, (b) the generation, use, handling, transportation, storage, treatment or disposal of any Hazardous Materials, (c) exposure to any Hazardous Materials, (d) the Release or threat of Release of any Hazardous Materials or (e) any contract or written agreement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

“*Equity Interests*” means any and all shares, interests, participations or other equivalents (however designated) of capital stock or in the share capital of a corporation or company, any and all equivalent ownership interests in a Person (other than a corporation), including partnership interests and membership interests, and any and all warrants, rights or options to purchase or other arrangements or rights to acquire any of the foregoing, but excluding any debt security that is convertible into, or exchangeable for, any of the foregoing.

“*ERISA*” means the Employee Retirement Income Security Act of 1974, as amended, or any successor statute thereto.

“*Escrow Account*” means the escrow account or accounts established with the Escrow Agent pursuant to the Escrow Agreement.

“*Escrow Account Funds*” means all cash, securities and other property held or credited to the Escrow Account.

“*Escrow Agent*” means SunTrust Bank.

“*Escrow Agreement*” means the Escrow Agreement dated as of the Closing Date among the Borrower, the Administrative Agent and the Escrow Agent substantially in the form of Exhibit K.

“*Escrow Release Conditions*” means, collectively, the conditions set forth in Section 3.3 hereof.

“*Escrow Release Date*” means the date on which the conditions set forth in Section 3.3 are satisfied and the proceeds of the Loans are released from the Escrow Account to the Borrower, which date shall be a Business Day.

“*Escrow Release Date Refinancing*” means all existing third party debt for borrowed money of the Borrower and its Subsidiaries under that certain Credit Agreement, dated as of January 9, 2014, among Western Digital Technologies, Inc. and Western Digital Ireland, Ltd., as borrowers, the Borrower, JPMorgan Chase Bank, N.A., as administrative agent and the other lenders and financial institutions party thereto (as amended from time to time) being repaid, redeemed, defeased, discharged, refinanced or terminated in full and all guarantees and Liens (if any) in respect thereof being terminated and released (or arrangements reasonably satisfactory to the Administrative Agent being in place for the termination and release of such guarantees and Liens).

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

“Euro” or “€” means the official lawful currency of the participating member states of the EMU.

“Eurodollar Loan” means a Term Loan or Revolving Loan bearing interest at the rate specified in Section 2.4(b) or Section 2.4(d) hereof, as applicable.

“Event of Default” means any event or condition identified as such in Section 7.1 hereof.

“Event of Loss” means, with respect to any Property, any of the following: (a) any loss, destruction or damage of such Property or (b) any condemnation, seizure, or taking, by exercise of the power of eminent domain or otherwise, of such Property, or confiscation of such Property.

“Excess Cash Flow” means, with respect to any period, the amount (if any, but which amount shall not be less than zero) by which (a) Cash Flow during such period exceeds (b) the sum of (i) the aggregate amount of payments or repurchases required to be (and actually) made or otherwise paid by the Borrower and its Restricted Subsidiaries during such period in respect of all principal on all Indebtedness (whether at maturity, as a result of mandatory prepayment, acceleration or otherwise, but excluding voluntary prepayments deducted pursuant to Section 2.8(c)(iii)(B)), plus, (ii) to the extent each of the following is not deducted in computing Consolidated Net Income and without duplication,

(A) without duplication of amounts deducted pursuant to this subclause (A) or subclause (D) below in a prior period, capital expenditures, capitalized software expenses, acquisitions of intellectual property of the Borrower and its Restricted Subsidiaries, in each case, made in cash during such period or, at the option of the Borrower, made prior to the date the applicable Excess Cash Flow payment is required to be made under Section 2.8(c)(iii) with respect to such period (except to the extent financed with long-term Indebtedness (other than revolving Indebtedness)),

(B) without duplication of amounts deducted pursuant to subclause (D) below in a prior period, the amount of (i) investments made by the Borrower and its Restricted Subsidiaries pursuant to Section 6.17(f), (l)(ii), (o), (q), (u) and (y) and (ii) Distributions made by the Borrower and its Restricted Subsidiaries pursuant to Section 6.18(b), (f)(x), (g) and (h), in each case, in cash (except, in each case, to the extent financed with long-term Indebtedness (other than revolving Indebtedness)),

(C) cash losses from any sale or disposition outside the ordinary course of business,

(D) without duplication of amounts deducted from Excess Cash Flow in a prior period, the aggregate consideration required to be paid in cash by the Borrower and

its Restricted Subsidiaries pursuant to binding contracts (the “*Contract Consideration*”) entered into prior to or during such period or any planned cash expenditures (the “*Planned Expenditures*”), in each case, relating to investments permitted pursuant to Section 6.17(f), (l), (o), (q), (u) or (y), capital expenditures, capitalized software expenses or acquisitions of intellectual property to be consummated or made during the period of four (4) consecutive fiscal quarters of the Borrower following the end of such period (except, in each case, to the extent financed with long-term Indebtedness (other than revolving Indebtedness)); *provided* that to the extent the aggregate amount of cash actually utilized to finance such investments permitted pursuant to Section 6.17(f), (l), (o), (q), (u) or (y), capital expenditures, capitalized software expenses or acquisitions of intellectual property during such following period of four consecutive fiscal quarters is less than the Contract Consideration and the Planned Expenditures, the amount of such shortfall shall be added to the calculation of Excess Cash Flow at the end of such period of four consecutive fiscal quarters,

(E) the aggregate amount of expenditures (other than investments or Distributions) actually made by the Borrower and its Restricted Subsidiaries in cash during such period (including expenditures for the payment of financing fees) to the extent that such expenditures are not expensed and amounts in respect thereof are not otherwise deducted in computing Consolidated Net Income for such period or any prior period (except, in each case, to the extent financed with long-term Indebtedness (other than revolving Indebtedness)),

(F) the aggregate amount of any premium, make-whole or penalty payments actually paid in cash by the Borrower and its Restricted Subsidiaries during such period that are made in connection with any prepayment of Indebtedness,

(G) payments by the Borrower and its Restricted Subsidiaries during such period in respect of long-term liabilities of the Borrower and its Restricted Subsidiaries other than Indebtedness,

(H) cash expenditures in respect of Hedge Agreements during such fiscal year, and

(I) the amount of Taxes (including penalties and interest) paid in cash (without duplication) or tax reserves set aside or payable with respect to such period in such period to the extent they exceed the amount of Tax expense deducted in determining Consolidated Net Income for such period.

“*Excess Interest*” is defined in Section 10.18 hereof.

“*Exchanged Term A Loans*” means each Term A Loan extended on the Closing Date (or portion thereof) and held by a Rollover Term A Lender on the Amendment No. 7

Effective Date immediately prior to the extension of credit hereunder on the Amendment No. 7 Effective Date and as to which the Rollover Term A Lender thereof has consented to exchange into a Term A-1 Loan and the Administrative Agent has allocated into a Term A-1 Loan.

*“Exchanged U.S. Term B Loans”* means each U.S. Term B Loan extended on the Closing Date (or portion thereof) and held by a Rollover U.S. Term B Lender on the Amendment No. 1 Effective Date immediately prior to the extension of credit hereunder on the Amendment No. 1 Effective Date and as to which the Rollover U.S. Term B Lender thereof has consented to exchange into a U.S. Term B-1 Loan and the Administrative Agent has allocated into a U.S. Term B-1 Loan.

*“Exchanged U.S. Term B-1 Loans”* means each U.S. Term B-1 Loan extended on the Amendment No. 1 Effective Date (or portion thereof) and held by a Rollover U.S. Term B-1 Lender on the Amendment No. 3 Effective Date immediately prior to the extension of credit hereunder on the Amendment No. 3 Effective Date and as to which the Rollover U.S. Term B-1 Lender thereof has consented to exchange into a U.S. Term B-2 Loan and the Administrative Agent has allocated into a U.S. Term B-2 Loan.

*“Exchanged U.S. Term B-2 Loans”* means each U.S. Term B-2 Loan extended on the Amendment No. 3 Effective Date (or portion thereof) and held by a Rollover U.S. Term B-2 Lender on the Amendment No. 5 Effective Date immediately prior to the extension of credit hereunder on the Amendment No. 5 Effective Date and as to which the Rollover U.S. Term B-2 Lender thereof has consented to exchange into a U.S. Term B-3 Loan and the Administrative Agent has allocated into a U.S. Term B-3 Loan.

*“Exchanged U.S. Term B-3 Loans”* means each U.S. Term B-3 Loan extended on the Amendment No. 5 Effective Date (or portion thereof) and held by a Rollover U.S. Term B-3 Lender on the Amendment No. 8 Effective Date immediately prior to the extension of credit hereunder on the Amendment No. 8 Effective Date and as to which the Rollover U.S. Term B-3 Lender thereof has consented to exchange into a U.S. Term B-4 Loan and the Administrative Agent has allocated into a U.S. Term B-4 Loan.

*“Excluded Equity Interests”* means (a) any capital stock or other Equity Interests of any Person with respect to which the cost or other consequences (including any adverse tax consequences) of pledging such Equity Interests shall be excessive in view of the benefits to be obtained by the Lenders therefrom as reasonably determined by the Administrative Agent and the Borrower, (b) solely in the case of any pledge of voting Equity Interests of any CFC Holdco or any First-Tier Foreign Subsidiary that is a CFC, any voting Equity Interests in excess of 65.00% of the outstanding voting Equity Interests of such entity, (c) any Equity Interests to the extent the pledge thereof would be prohibited by (i) any applicable law or would require governmental consent, approval, license or authorization (only to the extent such prohibition is applicable and not rendered ineffective by the UCC or other applicable law) or (ii) contractual obligation

binding on such Equity Interests on the Closing Date (with respect to the Borrower or any of its Subsidiaries as of the Closing Date) or the Escrow Release Date (with respect to the Target) or if later, at the time of the acquisition of such Equity Interests and not incurred in contemplation of such acquisition (only to the extent such prohibition is applicable and not rendered ineffective by the UCC or other applicable law), (d) margin stock or any interest in partnerships, joint ventures and non-Wholly-owned Subsidiaries which cannot be pledged without the consent of, or a pledge of which is restricted by (including as a result of a right of first refusal, call option or a similar right or a requirement to give notice that will trigger such right of first refusal, call option or a similar right), one or more third parties other than the Borrower or any of its Subsidiaries (after giving effect to the applicable anti-assignment provisions of the UCC or other applicable law), and (e) the Equity Interests of any (i) Immaterial Subsidiary (except to the extent the security interest in such Equity Interest may be perfected by the filing of a Form UCC-1 (or similar) financing statement), (ii) Unrestricted Subsidiary, (iii) Captive Insurance Subsidiary, (iv) not-for-profit subsidiary, (v) Receivables Financing Subsidiary, (vi) Subsidiary that is an Excluded Subsidiary described in clauses (e), (f), (g) and (h) of the definition of Excluded Subsidiary, (vii) Subsidiary of a Foreign Subsidiary that is a CFC and (viii) any entity whose Equity Interests are specifically agreed by the Administrative Agent to be Excluded Equity Interests as a result of such entity being disregarded as an entity separate from its owner (within the meaning of U.S. Treasury Regulation 301.7701-3(a)) that owns a Subsidiary that is a CFC, so long as such disregarded entity is a Guarantor and has provided a security interest in its assets pursuant to and to the extent provided in the Collateral Documents (it being understood that the Administrative Agent has agreed that Equity Interests of HGST, Inc. will be Excluded Equity Interests once it has become such a disregarded entity).

“*Excluded Property*” means (a) any Excluded Equity Interests, (b) any property to the extent that the grant of a Lien thereon or perfection of a security interest therein (i) is prohibited by applicable law or contractual obligation, binding on such assets (including, without limitation, Capital Leases) on the Escrow Release Date (or if later, at the time of the acquisition of such asset and not incurred in contemplation of such acquisition) (only to the extent such prohibition is applicable and not rendered ineffective by the UCC or other applicable law), (ii) requires the consent, approval, license or authorization of any governmental authority pursuant to such applicable law or any third party pursuant to any contract between the Borrower or any Subsidiary and such third party binding on such assets on the Escrow Release Date (or if later, at the time of the acquisition of such asset and not incurred in contemplation of such acquisition) or (iii) other than with respect to the Equity Interests of the Borrower or any Guarantor, would trigger a termination event pursuant to any “change of control” or similar provision binding on such assets on the Escrow Release Date (or if later, at the time of the acquisition of such asset and not incurred in contemplation of such acquisition) (in each case of clauses (i), (ii) and (iii) of this clause (b), after giving effect to the applicable anti-assignment provisions of the UCC or other applicable law), (c) United States intent-to-use trademark applications to the extent that, and solely during the period in which, the grant of a Lien thereon would impair the validity or enforceability of such intent-to-use trademark applications under applicable United States federal

law, (d) all vehicles and other assets subject to certificates of title, (e) Property that is subject to a Lien securing a purchase money obligation or Capitalized Lease Obligation permitted to be incurred pursuant to this Agreement, if the contract or other agreement in which such Lien is granted (or the documentation providing for such purchase money obligation or Capitalized Lease Obligation) validly prohibits the creation of any other Lien on such Property, (f) commercial tort claims with a value (as reasonably estimated by the Borrower) of less than \$30 million, (g) (i) any leasehold real property, (ii) any fee-owned real property having an individual fair market value not exceeding \$30 million (as determined by the Borrower in good faith and without requirement of delivery of an appraisal or other third-party valuation) (iii) any fee-owned real property wherein a portion of said fee-owned real property is at any time located in an area identified by the Federal Emergency Management Agency (or any successor agency) as a special flood hazard area, and (iv) any real property located outside of the United States, (h) any letter of credit rights that cannot be perfected by a UCC filing and (i) any direct proceeds, substitutions or replacements of any of the foregoing, but only to the extent such proceeds, substitutions or replacements would otherwise constitute Excluded Property; *provided*, however, that no Intercompany Notes (as defined in the Security Agreement) shall constitute Excluded Property.

“*Excluded Subsidiary*” means (a) any Subsidiary that is prohibited by any applicable law, rule or regulation or by any contractual obligation existing on the Escrow Release Date (or, if later, the date of the acquisition of such Restricted Subsidiary and not incurred in contemplation of such acquisition) from guaranteeing or providing collateral for the Obligations (only to the extent such prohibition is applicable and not rendered ineffective) or would require a governmental (including regulatory) consent, approval, license or authorization in order to provide such guarantee, (b) any Foreign Subsidiary, (c) any CFC Holdco or any Subsidiary of a Foreign Subsidiary that is a CFC, (d) any Subsidiary that is not a Material Subsidiary, (e) any Receivables Financing Subsidiary, (f) any Captive Insurance Subsidiary, (g) any not-for-profit subsidiary, (h) any Subsidiary that is not a Wholly-owned Subsidiary, and (i) any other Subsidiary with respect to which the cost or other consequences (including any adverse tax consequences) of providing Collateral or guaranteeing the Obligations shall be excessive in view of the benefits to be obtained by the Lenders therefrom as reasonably determined by the Administrative Agent and the Borrower.

“*Excluded Swap Obligation*” means, with respect to any Loan Party, any obligation (a “*Swap Obligation*”) to pay or perform under any agreement, contract, or transaction that constitutes a “swap” within the meaning of section 1a(47) of the Commodity Exchange Act, if, and to the extent that, and only for so long as, all or a portion of the guarantee of such Loan Party of, or the grant by such Loan Party of a security interest to secure, as applicable, such Swap Obligation (or any guarantee thereof) is or becomes illegal under the Commodity Exchange Act or any rule, regulation, or order of the Commodity Futures Trading Commission (or the application or official interpretation of any thereof) by virtue of such Loan Party’s failure for any reason to constitute an “eligible contract participant” as defined in the Commodity

Exchange Act and the regulations thereunder at the time the guarantee given by such Loan Party or the grant of such security interest, as applicable, becomes effective with respect to such Swap Obligation.

“*Excluded Taxes*” means, with respect to the Administrative Agent and each Lender, (i) any Taxes imposed on or measured by net income (however denominated), franchise Taxes, and branch profits Taxes, in each case imposed as a result of the Administrative Agent or such Lender, as applicable, being organized or having its principal executive office (or, in the case of a Lender, its applicable Lending Office) located in, such jurisdiction (or any political subdivision thereof), or as a result of any other present or former connection between the Administrative Agent or such Lender, as applicable, and such jurisdiction (or any political subdivision thereof), other than a connection arising from executing, delivering, entering into, performing its obligations under, receiving payments under, receiving or perfecting a security interest under, engaging in any other transaction pursuant to, or enforcing any Loan Document, or selling or assigning an interest in any Loan or Loan Document, (ii) any Taxes attributable to a Lender’s failure to comply with Section 10.1(c), (iii) in the case of a Lender (other than a Lender becoming a party hereto pursuant to the Borrower’s request under Section 8.5), any U.S. federal withholding Taxes imposed on amounts payable to or for the account of such Lender pursuant to a law in effect at the time such Lender becomes a party to this Agreement (or designates a new Lending Office), except to the extent such Lender (or its assignor, if any) was entitled, immediately prior to the time of designation of a new Lending Office (or assignment), to receive additional amounts or indemnification under Section 10.1, or (iv) any U.S. federal withholding Taxes imposed under FATCA.

“*Existing Indentures*” means (a) the Indenture with respect to the Target Company’s 1.5% Convertible Senior Notes due 2017, dated as of August 25, 2010, by and between the Target Company and The Bank of New York Mellon Trust Company, N.A. and (b) the Indenture with respect to the Target Company’s 0.5% Convertible Senior Notes due 2020, dated as of October 29, 2013, by and between the Target Company and The Bank of New York Mellon Trust Company, N.A. (each as amended, restated, supplemented or otherwise modified from time to time prior to the Closing Date).

“*Existing Letters of Credit*” is defined in Section 2.3(a) hereof.

“*Extended Revolving Credit Commitment*” is defined in Section 2.15(a)(ii) hereof.

“*Extended Revolving Loans*” is defined in Section 2.15(a)(ii) hereof.

“*Extended Term A Loans*” means any Term A-1 Loans extended pursuant to an Extension.

“*Extended Term B Loans*” means any Term B Loans extended pursuant to an Extension.

“*Extended Term Loans*” is defined in Section 2.15(a)(iii) hereof.

“*Extension*” is defined in Section 2.15(a) hereof.

“*Extension Offer*” is defined in Section 2.15(a) hereof.

“*Facility*” means any of the Revolving Facility and any Term Facility.

“*FATCA*” means Sections 1471-1474 of the Code, as of the Closing Date (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), and any current or future Treasury Regulations promulgated thereunder or official guidance or interpretations issued pursuant thereto and any agreement entered into pursuant to Section 1471(b)(1) of the Code as of the Closing Date (or any amended or successor version described above), any intergovernmental agreement implementing such sections of such Code, and any fiscal or regulatory legislation, rules or practices adopted implementing such intergovernmental agreement.

“*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.

“*Fee Letter*” means that certain Amended and Restated Fee Letter dated November 13, 2015 among the Borrower and the financial institutions party thereto.

“*Final Maturity Date*” means, as at any date, the latest to occur of (a) the Term A-1 Termination Date, (b) the Term B Termination Date, (c) the latest maturity date in respect of any outstanding Extended Term Loans and (d) the latest maturity date in respect of any Incremental Term Loans.

“*Final Revolving Termination Date*” means, as at any date, the latest to occur of (a) the Revolving Credit Termination Date, (b) the latest termination date in respect of any outstanding Extended Revolving Credit Commitments and (c) the latest termination date in respect of any Incremental Revolving Credit Facility.

“*First-Tier Foreign Subsidiary*” means a Foreign Subsidiary, the Equity Interests of which are directly owned by the Borrower or a Domestic Subsidiary that is not a Subsidiary of a Foreign Subsidiary.

“*Fiscal Quarter End Date*” means the last day of each fiscal quarter of the Borrower, which shall be July 1, 2016, September 30, 2016, December 30, 2016, March 31, 2017, June 30, 2017, September 29, 2017, December 29, 2017, March 30, 2018, June 29, 2018, September 28, 2018, December 28, 2018, March 29, 2019, June 28, 2019, October 4, 2019,

January 3, 2020, April 3, 2020, July 3, 2020, October 2, 2020, January 1, 2021, April 2, 2021, July 2, 2021, October 1, 2021, December 31, 2021, April 1, 2022, July 1, 2022, September 30, 2022, December 30, 2022 and March 31, 2023; *provided* that in each case if such day is not a Business Day, the Fiscal Quarter End Date shall be the immediately preceding Business Day; *provided*, further, that if the Borrower changes the last day of any fiscal quarter to a date (a “*changed date*”) on or about the date specified above (a “*specified date*”), such changed date shall be deemed to be the Fiscal Quarter End Date with respect to such specified date.

“*Fitch*” means Fitch, Inc.

“*Fixed Amounts*” is defined in Section 1.3(a) hereof.

“*Fixed Dollar Incremental Amount*” is defined in Section 2.14(b) hereof.

“*Flood Insurance Laws*” means, collectively, (i) National Flood Insurance Reform Act of 1994 (which comprehensively revised the National Flood Insurance Act of 1968 and the Flood Disaster Protection Act of 1973) as now or hereafter in effect or any successor statute thereto, (ii) the Flood Insurance Reform Act of 2004 as now or hereafter in effect or any successor statute there-to and (iii) the Biggert-Waters Flood Insurance Reform Act of 2012 as now or hereafter in effect or any successor statute thereto.

“*Foreign Subsidiary*” means each Subsidiary of the Borrower that is not a Domestic Subsidiary.

“*Foreign Subsidiary Total Assets*” means the total assets of the Foreign Subsidiaries of the Borrower, as determined in accordance with GAAP in good faith by the Borrower without intercompany eliminations.

“*Formula Based Increase*” has the meaning provided in Section 6.22.

“*Funds Transfer Liability, Deposit Account Liability and Data Processing Obligations*” means the liability of the Borrower or any of its Restricted Subsidiaries that is (i) owing to any entity that was a Lender, an Agent or a Joint Lead Arranger or an Affiliate of a Lender, an Agent or a Joint Lead Arranger at the time the relevant transaction was entered into or (ii) outstanding on the Closing Date and owing to any entity that is a Lender, an Agent or a Joint Lead Arranger or an Affiliate of a Lender, an Agent or a Joint Lead Arranger on the Closing Date, in each case, arising out of (a) the execution or processing of electronic transfers of funds by automatic clearing house transfer, wire transfer or otherwise to or from the deposit accounts of the Borrower and/or any Restricted Subsidiary now or hereafter maintained, (b) the acceptance for deposit or the honoring for payment of any check, draft or other item with respect to any such deposit accounts and (c) any other deposit, disbursement, and Cash Management Services afforded to the Borrower or any such Restricted Subsidiary.

“GAAP” means generally accepted accounting principles in the United States of America, as in effect from time to time.

“Global Intercompany Note” means the Global Intercompany Note, substantially in the form of Exhibit M to this Agreement.

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

“Grantors” means the Borrower and the Guarantors (other than the SD Guarantor).

“Guarantor” is defined in Section 4.3 hereof.

“Guaranty” is defined in Section 4.3 hereof.

“Guaranty Supplement” means an Assumption and Supplement to Guaranty Agreement in the form attached to the Guaranty Agreement as Exhibit A.

“Hazardous Material” means any (a) asbestos, asbestos-containing materials, polychlorinated biphenyls and petroleum (including crude oil or any fraction thereof) and (b) any substance, waste or material classified or regulated as “hazardous,” “toxic,” “contaminant” or “pollutant” or words of like import pursuant to any Environmental Law.

“Hedge Agreement” means any interest rate, currency or commodity swap agreements, cap agreements, collar agreements, floor agreements, exchange agreements, forward contracts, option contracts or similar interest rate or currency or commodity arrangements or precious metal hedging arrangements.

“Hedging Liability” means Hedging Obligations (other than with respect to any Loan Party’s Hedging Liabilities that constitute Excluded Swap Obligations solely with respect to such Loan Party) (i) owing by the Borrower or any of its Restricted Subsidiaries (a) to any entity that was a Lender, an Agent or a Joint Lead Arranger or an Affiliate of a Lender, an Agent or a Joint Lead Arranger at the time the relevant Hedge Agreement was entered into or (b) with respect to Hedging Obligations outstanding on the Closing Date, to any entity that is a Lender, an Agent or a Joint Lead Arranger or an Affiliate of a Lender, an Agent or a Joint Lead Arranger on the Closing Date and (ii) at the Borrower’s option, with respect to Hedging Obligations outstanding on the Escrow Release Date, owing by the Target to any entity that is a Lender, an Agent or a Joint Lead Arranger or an Affiliate of a Lender, an Agent or a Joint Lead Arranger.

“*Hedging Obligations*” means, with respect to any Person, the obligations of such Person under Hedge Agreements.

“*Hostile Acquisition*” means the acquisition of the capital stock or other Equity Interests of a Person through a tender offer or similar solicitation of the owners of such capital stock or other Equity Interests which has not been approved (prior to such acquisition) by resolutions of the board of directors (or any other applicable governing body) of such Person or by similar action if such Person is not a corporation, and, if such acquisition has been so approved, as to which such approval has been withdrawn.

“*Immaterial Subsidiary*” has the meaning set forth in the definition of “Material Subsidiary.”

“*Impacted LIBOR Interest Period*” shall have the meaning assigned to such term in the definition of the term “LIBOR.”

“*Impacted Loans*” is defined in Section 8.3(a)(iii) herein.

“*Incremental Amendment*” is defined in Section 2.14(a) herein.

“*Incremental Cap*” is defined in Section 2.14(b) herein.

“*Incremental Equivalent Debt*” is defined in Section 6.14(I)(u).

“*Incremental Facility*” means (a) any Incremental Term Facility, (b) any Incremental Revolving Credit Facility, (c) the commitments (if any) of Additional Revolving Lenders to make Incremental Revolving Loans in respect of any Revolving Credit Commitment Increase and the Incremental Revolving Loans in respect thereof and/or (d) the commitments (if any) of Additional Term Lenders to make Incremental Term Loans in respect of any Term Commitment Increase and the Incremental Term Loans in respect thereof.

“*Incremental Loans*” means any loans made pursuant to Section 2.14(a).

“*Incremental Revolving Credit Facility*” is defined in Section 2.14(a) herein.

“*Incremental Revolving Loans*” means any revolving loans made under any Incremental Revolving Credit Facility or in respect of any Revolving Credit Commitment Increase.

“*Incremental Term A Facility*” means the commitments (if any) of Additional Term Lenders to make Incremental Term A Loans in accordance with Section 2.14(a) and the Incremental Term A Loans in respect thereof.

“*Incremental Term A Loans*” means any term A loans (i.e., having no more than a 5 year maturity and with lenders that are primarily commercial banks) made pursuant to Section 2.14(a).

“*Incremental Term A-1 Commitment*” means, with respect to an Incremental Term A-1 Lender, the commitment of such Incremental Term A-1 Lender to make an Incremental Term A-1 Loan hereunder on the Amendment No. 7 Effective Date, in the amount set forth opposite such Lender’s name on Schedule 1 to Amendment No. 7 and made a part hereof.

“*Incremental Term A-1 Lender*” means a Person with an Incremental Term A-1 Commitment to make Incremental Term A-1 Loans to the Borrower on the Amendment No. 7 Effective Date.

“*Incremental Term A-1 Loan*” means a Loan that is made pursuant to Section 2.1(j) of this Agreement on the Amendment No. 7 Effective Date.

“*Incremental Term B Facility*” means the commitments (if any) of Additional Term Lenders to make Incremental Term B Loans in accordance with Section 2.14(a) and the Incremental Term B Loans in respect thereof.

“*Incremental Term B Loans*” means any term B loans made pursuant to Section 2.14(a).

“*Incremental Term Facility*” means the commitments (if any) of Additional Term Lenders to make Incremental Term Loans in accordance with Section 2.14(a) and the Incremental Term Loans in respect thereof.

“*Incremental Term Loans*” means any term loans made pursuant to Section 2.14(a).

“*Indebtedness*” means for any Person (without duplication):

- (a) all indebtedness of such Person for borrowed money, whether current or funded, or secured or unsecured,
- (b) all indebtedness for the deferred purchase price of Property,
- (c) all indebtedness secured by a purchase money mortgage or other Lien to secure all or part of the purchase price of Property subject to such mortgage or Lien,
- (d) all obligations under leases which shall have been or must be, in accordance with GAAP, recorded as Capital Leases in respect of which such Person is liable as lessee,

(e) any liability in respect of banker's acceptances or letters of credit,

(f) any indebtedness of another Person, whether or not assumed, of the types described in clauses (a) through (c) above or clauses (g) and (h) below, secured by Liens on Property acquired by the Borrower or its Subsidiaries at the time of acquisition thereof,

(g) all obligations under any so-called "synthetic lease" transaction entered into by such Person, and

(h) all Contingent Obligations in respect of indebtedness of the types described in clauses (a) through (g) hereof,

*provided* that the term "Indebtedness" shall not include (i) trade payables and accrued expenses arising in the ordinary course of business, (ii) any earn-out obligation until such obligation becomes a liability on the balance sheet of such Person in accordance with GAAP, (iii) prepaid or deferred revenue arising in the ordinary course of business, (iv) purchase price holdbacks arising in the ordinary course of business in respect of a portion of the purchase price of an asset to satisfy warrants or other unperformed obligations of the seller of such asset and (v) any operating leases or guarantees of operating leases, including of joint ventures. The amount of Indebtedness of any person for purposes of clause (f) above shall (unless such indebtedness has been assumed by such person or is otherwise recourse to such person) be deemed to be equal to the lesser of (A) the aggregate unpaid amount of such indebtedness and (B) the fair market value of the property encumbered thereby.

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

"*Information*" has the meaning provided in Section 10.23.

"*Initial Lenders*" means JPMorgan Chase Bank, N.A., Bank of America, N.A., Credit Suisse AG, Cayman Islands Branch, Royal Bank of Canada, Mizuho Bank, Ltd., The Bank of Tokyo-Mitsubishi UFJ, Ltd., Citibank, N.A., HSBC Bank PLC, HSBC Bank USA, National Association, Sumitomo Mitsui Banking Corporation, BBVA Compass, The Bank of Nova Scotia, BNP Paribas, Bank of the West, First Hawaiian Bank, TD Bank, N.A., Toronto Dominion (Texas) LLC, Wells Fargo Bank, National Association, U.S. Bank National Association, Fifth Third Bank, Standard Chartered Bank and SunTrust Bank.

"*Intellectual Property Security Agreements*" means any of the following agreements executed on or after the Escrow Release Date: (a) a Trademark Security Agreement substantially in the form of Exhibit H-1, (b) a Patent Security Agreement substantially in the

form of Exhibit H-2 or (c) a Copyright Security Agreement substantially in the form of Exhibit H-3.

“*Intercompany Transactions*” means the intercompany transactions described in the Confidential Information Memorandum dated March 15, 2016.

“*Intercreditor Agreement*” means an intercreditor agreement dated as of the Escrow Release Date, among the Loan Parties, the Collateral Agent, the collateral agent in respect of the Senior Secured Notes and the collateral agent in respect of the Additional Bridge Facility, in form and substance reasonably satisfactory to the Collateral Agent and the Borrower.

“*Interest Expense*” means, with reference to any period, (a) the sum of all interest expense (including imputed interest charges with respect to Capitalized Lease Obligations) of the Borrower and its Restricted Subsidiaries payable in cash for such period determined on a consolidated basis in accordance with GAAP but excluding (i) any non-cash interest expense attributable to the movement in the mark to market valuation of Hedging Obligations or other derivative instruments pursuant to GAAP, amortization of deferred financing fees, debt issuance costs, commissions, fees and expenses, (ii) any expensing of bridge, commitment and other financing fees, (iii) costs in connection with the Escrow Release Date Refinancing, the repurchase of the Convertible Notes in connection with the Schrader Acquisition and any annual administrative or other agency fees, (iv) any premiums, fees or other charges incurred in connection with the refinancing, incurrence, purchase or redemption of Indebtedness (including in connection with the Transactions) and (v) commissions, discounts, yield and other fees and charges (including any interest expense) related to any Permitted Receivables Financing, *minus* (b) interest income of the Borrower and its Restricted Subsidiaries for such period determined on a consolidated basis in accordance with GAAP.

“*Interest Period*” means, with respect to Eurodollar Loans, the period commencing on the date a Borrowing of Eurodollar Loans is advanced, continued or created by conversion and ending one week or 1, 2, 3, 6, or if available to all affected Lenders in respect of LIBOR, 12 months thereafter, as selected by the Borrower; *provided, however*, that:

(i) whenever the last day of any Interest Period would otherwise be a day that is not a Business Day, the last day of such Interest Period shall be extended to the next succeeding Business Day; *provided* that, except in the case of an Interest Period of less than one month, if such extension would cause the last day of an Interest Period for a Borrowing of Eurodollar Loans to occur in the following calendar month, the last day of such Interest Period shall be the immediately preceding Business Day; and

(ii) for purposes of determining an Interest Period for a Borrowing of Eurodollar Loans of one month or longer, a month means a period starting on one (1) day in a calendar month and ending on the numerically corresponding day in the next calendar month; *provided, however*, that, if there is no numerically corresponding day in the month in which such an Interest Period is to end or if such an Interest Period begins on the last Business Day of a calendar month, then such Interest Period shall end on the last Business Day of the calendar month in which such Interest Period is to end.

“*Interpolated Rate*” means, at any time, for any Interest Period, in relation to “LIBOR” for any Impacted Loans, the rate per annum 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: (i) the LIBOR Screen Rate for the longest period (for which the LIBOR Screen Rate is available) that is shorter than the Impacted LIBOR Interest Period and (ii) the LIBOR Screen Rate for the shortest period (for which the LIBOR Screen Rate is available) that exceeds the Impacted LIBOR Interest Period, in each case, at such time.

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

“*ISP*” means, with respect to any Letter of Credit, the “International Standby Practices 1998” published by the Institute of International Banking Law & Practice, Inc. (or such later version thereof as may be in effect at the time of issuance).

“*Joint Lead Arrangers*” means, collectively, J.P. Morgan Securities LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated (or any other registered broker-dealer wholly-owned by Bank of America Corporation to which all or substantially all of Bank of America Corporation’s or any of its subsidiaries’ investment banking, commercial lending services or related businesses may be transferred following the date hereof), Mizuho Bank, Ltd., RBC Capital Markets, Wells Fargo Securities, LLC, The Bank of Tokyo-Mitsubishi UFJ, Ltd., SunTrust Robinson Humphrey, Inc., HSBC Securities (USA) Inc., Sumitomo Mitsui Banking Corporation, Citigroup Global Markets Inc. and TD Bank, N.A.

“*L/C Backstop*” means, in respect of any Letter of Credit, (a) a letter of credit delivered to the L/C Issuer which may be drawn by the L/C Issuer to satisfy any obligations of the Borrower in respect of such Letter of Credit or (b) cash or Cash Equivalents deposited with the “L/C Issuer” to satisfy any obligation of the Borrower in respect of such Letter of Credit, in each case, in an amount not to exceed 101.00% of the undrawn face amount and any unpaid Reimbursement Obligations with respect to such Letter of Credit and on terms and pursuant to arrangements (including, if applicable, any appropriate reimbursement agreement) reasonably satisfactory to the respective L/C Issuer.

“*L/C Disbursement*” means a payment or disbursement made by an L/C Issuer pursuant to a Letter of Credit.

“*L/C Exposure*” means, at any time, the sum of (a) the aggregate undrawn amount of all outstanding Letters of Credit at such time *plus* (b) the aggregate amount of all L/C Disbursements that have not yet been reimbursed by or on behalf of the Borrower at such time. The L/C Exposure of any Lender at any time shall be its Revolver Percentage of the total L/C Exposure at such time. For all purposes of this Agreement, if on any date of determination a Letter of Credit has expired by its terms but any amount may still be drawn thereunder by reason

of the operation of Rule 3.13 or 3.14 of the ISP or Article 36 of the UCP, such Letter of Credit shall be deemed to be “outstanding” in the amount so remaining available to be drawn. Unless otherwise specified herein, the amount of a Letter of Credit at any time shall be deemed to be the stated amount of such Letter of Credit in effect at such time; *provided* that with respect to any Letter of Credit that, by its terms or the terms of any document related thereto, provides for one or more automatic increases in the stated amount thereof, the amount of such Letter of Credit shall be deemed to be the 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.

“*L/C Issuer*” means each of (a) JPMorgan Chase Bank, N.A., with respect to up to \$44,350,000 of Letters of Credit, (b) Bank of America, N.A., with respect to up to \$44,350,000 of Letters of Credit, (c) Royal Bank of Canada, with respect to up to \$37,100,000 of Letters of Credit (*provided* that it shall only be required to issue standby letters of credit), (d) Wells Fargo Bank, National Association, with respect to up to \$37,100,000 of Letters of Credit (e) Mizuho Bank, Ltd, with respect to up to \$37,100,000 of Letters of Credit, (f) with respect to the Existing Letters of Credit, Bank of Tokyo Mitsubishi UFJ, Ltd., in each case, acting through any of its Affiliates or branches, and (g) and any other L/C Issuer designated pursuant to Section 2.3(j) in each case in its capacity as an L/C Issuer, and its successors in such capacity as provided in Section 2.3(i). An L/C Issuer may, in its discretion, arrange for one (1) or more Letters of Credit to be issued by Affiliates of such L/C Issuer, in which case the term L/C Issuer shall include any such Affiliates with respect to Letters of Credit issued by such Affiliate.

“*L/C Obligations*” means the aggregate undrawn face amounts of all outstanding Letters of Credit and all unpaid Reimbursement Obligations.

“*L/C Sublimit*” means \$200.0 million, as reduced pursuant to the terms hereof.

“*Lenders*” means the several banks and other financial institutions and other lenders from time to time party to this Agreement (excluding Prohibited Lenders), including each assignee Lender pursuant to Section 10.10 hereof.

“*Lending Office*” is defined in Section 8.6 hereof.

“*Letter of Credit*” is defined in Section 2.3(a) hereof.

“*Letter of Credit Usage*” means, as at any date of determination, the sum of (i) the maximum aggregate amount which is, or at any time thereafter may become, available for drawing under all Letters of Credit then outstanding, and (ii) the aggregate amount of all drawings under Letters of Credit honored by the L/C Issuer and not theretofore reimbursed by or on behalf of Borrower.

“*Leverage Ratio*” means, as of the date of determination thereof, the ratio of Total Funded Debt of the Borrower and its Restricted Subsidiaries as of such date to Consolidated Adjusted EBITDA for the period of four (4) fiscal quarters then ended.

“*LIBOR*” means, with respect to each day during each Interest Period pertaining to a Eurodollar Loan denominated in Dollars, the rate per annum determined on the basis of the rate for deposits in Dollars for a period equal to such Interest Period commencing on the first day of such Interest Period administered by ICE Benchmark Administration Limited, as published by Reuters on Reuters Page LIBOR01 (or any replacement Reuters page that displays that rate) as of 11:00 a.m., London time, two (2) Business Days prior to the beginning of such Interest Period; *provided* that, in the event that such rate does not appear on Reuters, the “*LIBOR*” shall be determined by reference to such other comparable publicly available service for displaying eurodollar rates for Dollar deposits as may be selected by the Administrative Agent or, in the absence of such availability, by reference to the rate at which Dollar deposits of like amounts and for a maturity comparable to such Interest Period are offered by the principal London office of the Administrative Agent in immediately available funds in the London interbank market at approximately 11:00 a.m., London time, two (2) Business Days prior to the commencement of such Interest Period (in each case, the “*LIBOR Screen Rate*”); *provided, further*, that, if the LIBOR Screen Rate shall not be available at such time for such Interest Period (an “*Impacted LIBOR Interest Period*”), then LIBOR shall be the Interpolated Rate at such time, subject to Section 8.3; *provided* that in no event shall LIBOR be less than 0% per annum.

“*LIBOR Screen Rate*” shall have the meaning assigned to such term in the definition of the term “LIBOR.”

“*Lien*” means, with respect to any Property, any deed of trust, mortgage, lien, security interest, pledge, charge or encumbrance in the nature of security in respect of such Property, including the interests of a vendor or lessor under any conditional sale, Capital Lease or other title retention arrangement; *provided* that in no event shall an operating lease be deemed to constitute a Lien.

“*Loan*” means any Revolving Loan, Term Loan, any loan issued under any Incremental Facility, any Extended Revolving Loan or Extended Term Loan, any loan issued pursuant to the final paragraph of Section 10.11(a) hereof or any Refinancing Term Loans or Loans under any Replacement Revolving Facility.

“*Loan Documents*” means this Agreement, the Guaranty (solely during a Collateral and Guarantee Period (or if the Guaranty is otherwise in effect at the Borrower’s option)), the Collateral Documents (solely during a Collateral and Guarantee Period), the Intercreditor Agreement (solely during a Collateral and Guarantee Period (to the extent in effect)), any additional intercreditor agreements contemplated by Section 9.12(v) hereof and, other than for purposes of Section 10.11, the Notes (if any), the Letters of Credit, Amendment

No. 1, Amendment No. 1 Joinder, Amendment No. 2, Amendment No. 2 Joinder, Amendment No. 3, Amendment No. 3 Joinder, Amendment No. 4, Amendment No. 4 Joinder, Amendment No. 5, Amendment No. 5 Joinder, Amendment No. 6, Amendment No. 7, Amendment No. 8 and Amendment No. 8 Joinder and Amendment No. 9.

“*Loan Parties*” means the Borrower and each Guarantor.

“*Material Adverse Effect*” means (a) a material adverse effect upon the business, assets, financial condition or results of operations, in each case, of the Borrower and its Restricted Subsidiaries taken as a whole, or (b) a material adverse effect upon the rights and remedies, taken as a whole, of the Administrative Agent and the Lenders under any Loan Document.

“*Material Indebtedness*” means Indebtedness (other than the Obligations), of any one (1) or more of the Borrower and the Restricted Subsidiaries in an aggregate principal amount exceeding \$350 million.

“*Material Plan*” is defined in Section 7.1(h) hereof.

“*Material Subsidiary*” means and includes (i) each Subsidiary that is a Restricted Subsidiary (other than an Excluded Subsidiary), except any Restricted Subsidiary that does not have (together with its Subsidiaries) (a) at any time, Consolidated Total Assets the book value of which constitutes more than 2.00% of the book value of the Consolidated Total Assets of the Borrower and its Restricted Subsidiaries at such time or (b) consolidated net income in accordance with GAAP for any four (4) consecutive fiscal quarters of the Borrower ending on or after July 3, 2015, that constitutes more than 2.00% of the consolidated net income in accordance with GAAP of the Borrower and its Restricted Subsidiaries during such period (any such Subsidiary, an “*Immaterial Subsidiary*” and all such Subsidiaries, the “*Immaterial Subsidiaries*”; *provided* that at no time shall (A) the book value of the Consolidated Total Assets of all Immaterial Subsidiaries equal or exceed 5.00% of the book value of the Consolidated Total Assets of the Borrower and its Restricted Subsidiaries or (B) the consolidated net income in accordance with GAAP for any four (4) consecutive fiscal quarters of all Immaterial Subsidiaries ending on or after July 3, 2015 constitute more than 5.00% of the consolidated net income in accordance with GAAP of the Borrower and its Restricted Subsidiaries during such period) and (ii) each Restricted Subsidiary that the Borrower has designated to the Administrative Agent in writing as a Material Subsidiary.

“*Maximum Rate*” is defined in Section 10.18 hereof.

“*Merger Sub*” is defined in the Preliminary Statements hereto.

“*Minimum Extension Condition*” is defined in Section 2.15(b) hereof.

“*MOFCOM Restructuring*” is defined in Section 6.16(r) hereof.

“*Moody’s*” means Moody’s Investors Service, Inc.

“*Mortgage*” means a mortgage, deed of trust, trust deed or deed to secure debt in form and substance reasonably satisfactory to the Collateral Agent and its counsel and covering a Mortgaged Property, duly executed by the appropriate Loan Party.

“*Mortgaged Property*” means all fee-owned real property of any Grantor that is not an Excluded Property.

“*Net Cash Proceeds*” means, with respect to any mandatory prepayment event pursuant to Section 2.8(c), (a) the gross cash and cash equivalent proceeds (including payments from time to time in respect of installment obligations, if applicable) received by or on behalf of the Borrower or any of its Restricted Subsidiaries in respect of such prepayment event or issuance, as the case may be, less (b) the sum of:

(i) the Borrower’s good faith estimate of taxes paid or payable in connection with any such prepayment event,

(ii) the amount of any reasonable reserve established in accordance with GAAP against any liabilities (other than any taxes deducted pursuant to clause (i) above) associated with the assets that are the subject of such prepayment event, and retained by the Borrower (or any of its members) or any of the Restricted Subsidiaries, including, with respect to Net Cash Proceeds from a Disposition, liabilities under any indemnification obligations or purchase price adjustment associated with such Disposition and other liabilities associated with the asset disposed of and retained by the Borrower or any of its Restricted Subsidiaries after such Disposition, including pension and other post-employment benefit liabilities and liabilities related to environmental matters; *provided* that the amount of any subsequent reduction of such reserve (other than in connection with a payment in respect of any such liability) shall be deemed to be Net Cash Proceeds of such a prepayment event occurring on the date of such reduction,

(iii) in the case of a Disposition, (x) the amount of any Indebtedness (other than Indebtedness under this Agreement or Indebtedness that is secured by Collateral on a pari passu or junior basis with Indebtedness under this Agreement (other than Capitalized Lease Obligations)) secured by a Lien permitted hereunder on the assets that are the subject of such prepayment event that is repaid upon consummation of such prepayment event or otherwise subject to mandatory prepayment as a result of such event and (y) the pro rata portion of net cash proceeds thereof (calculated without regard to this clause (y)) attributable to minority interests and not available for distribution to or for the account of the Borrower or the Restricted Subsidiaries as a result thereof, and

(iv) attorneys’ fees, accountants’ fees, investment banking fees, survey costs, title insurance premiums, and related search and recording charges, transfer Taxes, deed or mortgage recording Taxes,

other customary expenses and brokerage, consultant and other customary costs and fees payable in connection therewith.

“*Non-Cash Charges*” means (a) any impairment charge or asset write-off or write-down related to intangible assets (including goodwill), long-lived assets, and investments in debt and equity securities pursuant to GAAP, (b) all non-cash losses from investments recorded using the equity method, (c) all Non-Cash Compensation Expenses, (d) the non-cash impact of purchase or recapitalization accounting and (e) all other non-cash charges (*provided* that, in each case, if any non-cash charges represent an accrual or reserve for potential cash items in any future period, the cash payment in respect thereof in such future period shall be subtracted from Consolidated Adjusted EBITDA or Cash Flow to such extent, and excluding amortization of a prepaid cash item that was paid in a prior period).

“*Non-Cash Compensation Expense*” means any non-cash expenses and costs that result from the issuance of stock-based awards, limited liability company or partnership interest-based awards and similar incentive-based compensation awards or arrangements.

“*Non-Consenting Lender*” is defined in Section 8.5 hereof.

“*Non-Exchanged Term A Loan*” means each Term A Loan extended on the Closing Date (or portion thereof) other than an Exchanged Term A Loan.

“*Non-Exchanged U.S. Term B Loan*” means each U.S. Term B Loan extended on the Closing Date (or portion thereof) other than an Exchanged U.S. Term B Loan.

“*Non-Exchanged U.S. Term B-1 Loan*” means each U.S. Term B-1 Loan extended on the Amendment No 1. Effective Date (or portion thereof) other than an Exchanged U.S. Term B-1 Loan.

“*Non-Exchanged U.S. Term B-2 Loan*” means each U.S. Term B-2 Loan extended on the Amendment No. 3 Effective Date (or portion thereof) other than an Exchanged U.S. Term B-2 Loan.

“*Non-Exchanged U.S. Term B-3 Loan*” means each U.S. Term B-3 Loan extended on the Amendment No. 5 Effective Date (or portion thereof) other than an Exchanged U.S. Term B-3 Loan.

“*Note*” and “*Notes*” is defined in Section 2.12(d) 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 Business Day, for the immediately preceding Business 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.

“*Obligations*” means all obligations of the Borrower to pay principal and interest on the Loans, all Reimbursement Obligations owing under the Applications, all fees and charges payable hereunder, and all other payment obligations of the Borrower or any of its Restricted Subsidiaries arising under or in relation to any Loan Document, in each case whether now existing or hereafter arising, due or to become due, direct or indirect, absolute or contingent, and howsoever evidenced, held or acquired, including all interest, fees and other amounts which, but for the filing of any insolvency or bankruptcy proceeding with respect to any Loan Party, would have accrued on any Obligations, whether or not a claim is allowed against such Loan Party for such interest, fees or other amounts in such proceeding; *provided* that, notwithstanding anything to the contrary, the Obligations shall exclude any Excluded Swap Obligation.

“*OID*” is defined in Section 2.14(a)(H) hereof.

“*Original Loan Agreement*” means this Agreement as in effect immediately prior to the Amendment No. 7 Effective Date.

“*Original Revolving Credit Commitments*” means, as to any Lender, the obligation of such Lender to make Revolving Loans and to participate in Letters of Credit as set forth in this Agreement immediately prior to the Amendment No. 7 Effective Date.

“*Other Applicable Indebtedness*” is defined in Section 2.8(c)(ii) hereof.

“*Other Taxes*” is defined in Section 10.4 hereof.

“*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 (from and after such date as the NYFRB shall commence to publish such composite rate).

“*Participant*” is defined in Section 10.10(d) hereof.

“*Participant Register*” is defined in Section 10.10(d) hereof.

“*Participating Interest*” is defined in Section 2.3(d) hereof.

“*Participating Lender*” is defined in Section 2.3(d) hereof.

“*Patriot Act*” is defined in Section 5.21(b) hereof.

“*PBGC*” means the Pension Benefit Guaranty Corporation or any Person succeeding to any or all of its functions under ERISA.

“*Percentage*” means for any Lender its Revolver Percentage or Term Loan Percentage, as applicable; and where the term “Percentage” is applied on an aggregate basis, such aggregate percentage shall be calculated by aggregating the separate components of the Revolver Percentage and Term Loan Percentage, and expressing such components on a single percentage basis.

“*Perfection Certificate*” means the perfection certificate dated as of the Escrow Release Date executed by the Loan Parties, in form and substance reasonably satisfactory to the Collateral Agent.

“*Permitted Acquisition*” means any Acquisition by the Borrower or a Restricted Subsidiary that is a Domestic Subsidiary with respect to which all of the following conditions shall have been satisfied:

(a) after giving effect to the Acquisition, the Borrower is in compliance with Section 6.13 hereof;

(b) solely during any Secured Covenants Period, the Total Consideration for any acquired business that does not become a Guarantor (or the assets of which are not acquired by the Borrower or a Guarantor), when taken together with the Total Consideration for all such acquired businesses acquired after the Escrow Release Date, does not exceed the sum of (i) the greater of \$350 million and 1.25% of Consolidated Total Assets (measured as of the date of such Acquisition and calculated on a Pro Forma Basis as of the last day of the most recently ended period of four consecutive fiscal quarters for which financial statements have been or were required to be delivered pursuant to Section 6.1(a) or (b)) *plus* (ii) the Available Amount at such time *plus* (iii) amounts available under Section 6.17(f) *plus* (iv) amounts available under Sections 6.17(d) and 6.17(e); *provided* that this clause (b) shall not apply to the extent (x) the relevant Acquisition is made with proceeds of sales of, or contributions to, the common equity of the Borrower or (y) (1) the Person so acquired (or the Persons owning such assets so acquired) (A) has its primary headquarters in the United States, (B) is organized under the Applicable Laws of the United States, any state thereof, or the District of Columbia and (C) becomes a Guarantor even though such Person owns Equity Interests in Persons that are not otherwise required to become Guarantors and (2) the assets owned by subsidiaries of such Person that do not become Guarantors do not comprise more than

40% of the assets of the consolidated target (determined by reference to the book value of such assets);

(c) if a new Subsidiary (other than an Excluded Subsidiary) is formed or acquired as a result of or in connection with the Acquisition, such new Subsidiary shall be a Domestic Subsidiary and the Borrower shall have complied with the requirements of Article 4 hereof in connection therewith (as and when required by Article 4); and

(d) (i) no Event of Default (or in the case of Permitted Acquisitions whose consummation is not conditioned on the availability of, or on obtaining, third party financing and for which third party financing is committed or otherwise obtained, no Event of Default under Section 7.1(a), (j) or (k)) shall exist and (ii) the Borrower and its Restricted Subsidiaries shall be in compliance, on a Pro Forma Basis, with the financial covenants set forth in Section 6.22, recomputed as of the last day of the most recently completed period for which financial statements have been or were required to be delivered pursuant to Section 6.1(a) or (b), in the case of each of clauses (i) and (ii), on the date the relevant Acquisition is consummated and after giving effect thereto, or, at the Borrower's election, the date of the signing of the acquisition agreement with respect thereto; *provided* that if the Borrower has made such an election, in connection with the calculation of any ratio with respect to the incurrence of Indebtedness or Liens, or the making of investments, Distributions, Restricted Debt Payments, asset sales, fundamental changes or the designation of an Unrestricted Subsidiary on or following such date and until the earlier of the date on which such Acquisition is consummated or the definitive agreement for such Acquisition is terminated or expires, such ratio shall be calculated on a Pro Forma Basis assuming such Acquisition and any other Specified Transactions in connection therewith (including the incurrence of Indebtedness) have been consummated, except to the extent such calculation would result in a lower Leverage Ratio or Senior Secured Leverage Ratio or a higher ratio of Consolidated Adjusted EBITDA to Interest Expense than would apply if such calculation was made without giving Pro Forma Effect to such Acquisition, other Specified Transactions and Indebtedness.

*"Permitted Liens"* is defined in Section 6.15 hereof.

*"Permitted Receivables Financing"* means any transaction or series of transactions that may be entered into by the Borrower or any Restricted Subsidiary pursuant to which it sells, conveys or contributes to capital or otherwise transfers (which sale, conveyance, contribution to capital or transfer may include or be supported by the grant of a security interest in) Receivables or interests therein and all collateral securing such Receivables, all contracts and contract rights, purchase orders, security interests, financing statements or other documentation in respect of such Receivables, any guarantees, indemnities, warranties or other obligations in respect of such Receivables, any other assets that are customarily transferred or in respect of which security interests are customarily granted in connection with asset securitization

transactions involving receivables similar to such Receivables and any collections or proceeds of any of the foregoing (collectively, the “*Related Assets*”), all of which such sales, conveyances, contributions to capital or transfers shall be made by the transferor for fair value as reasonably determined by the Borrower (calculated in a manner typical for such transactions including a fair market discount from the face value of such Receivables) (a) to a trust, partnership, corporation or other Person (other than the Borrower or any Subsidiary other than any Receivables Financing Subsidiary), which transfer is funded in whole or in part, directly or indirectly, by the incurrence or issuance by the transferee or any successor transferee of Indebtedness, fractional undivided interests or other securities that are to receive payments from, or that represent interests in, the cash flow derived from such Receivables and Related Assets or interests in such Receivables and Related Assets, or (b) directly to one or more investors or other purchasers (other than the Borrower or any Subsidiary), it being understood that a Permitted Receivables Financing may involve (i) one or more sequential transfers or pledges of the same Receivables and Related Assets, or interests therein (such as a sale, conveyance or other transfer to any Receivables Financing Subsidiary followed by a pledge of the transferred Receivables and Related Assets to secure Indebtedness incurred by the Receivables Financing Subsidiary), and all such transfers, pledges and Indebtedness incurrences shall be part of and constitute a single Permitted Receivables Financing, and (ii) periodic transfers or pledges of Receivables and/or revolving transactions in which new Receivables and Related Assets, or interests therein, are transferred or pledged upon collection of previously transferred or pledged Receivables and Related Assets, or interests therein, *provided* that any such transactions shall provide for recourse to such Subsidiary (other than any Receivables Financing Subsidiary) or the Borrower (as applicable) only in respect of the cash flows in respect of such Receivables and Related Assets and to the extent of breaches of representations and warranties relating to the Receivables, dilution of the Receivables, customary indemnities and other customary securitization undertakings in the jurisdiction relevant to such transactions.

“*Person*” means any natural person, partnership, corporation, limited liability company, association, trust, unincorporated organization or any other entity or organization, including a government or agency or political subdivision thereof.

“*Plan*” means any “employee pension benefit plan” covered by Title IV of ERISA or subject to the minimum funding standards under Section 412 of the Code that either (a) is maintained by a member of the Controlled Group (including the Borrower) for current or former employees of a member of the Controlled Group (including the Borrower) or (b) is maintained pursuant to a collective bargaining agreement or any other arrangement under which more than one (1) employer makes contributions and to which a member of the Controlled Group (including the Borrower) is then making or accruing an obligation to make contributions or has within the preceding five (5) plan years made contributions or, in either case, under which a member of the Controlled Group (including the Borrower) is reasonably expected to incur liability.

“*Planned Expenditures*” shall have the meaning assigned to such term in the definition of the term “Excess Cash Flow.”

“*Platform*” has the meaning assigned to such term in Section 10.25.

“*Post-Transaction Period*” means, with respect to any Specified Transaction, the period beginning on the date such Specified Transaction is consummated and ending on the last day of the fourth full consecutive fiscal quarter immediately following the date on which such Specified Transaction is consummated.

“*Prime Rate*” means the rate of interest per annum determined by JPMorgan Chase Bank, N.A. as its prime rate in effect at its principal office in New York City and notified to the Borrower (the Prime Rate not being intended to be the lowest rate of interest charged by JPMorgan Chase Bank, N.A. in connection with extensions of credit to debtors).

“*Priority Debt*” has the meaning assigned to such term in Section 6.14(II)(x).

“*Pro Forma Adjustment*” means, for any period that includes all or any part of a fiscal quarter included in any Post-Transaction Period, the pro forma increase or decrease in Consolidated Adjusted EBITDA projected by the Borrower in good faith based on the Borrower’s reasonable assumptions (as set forth in a Pro Forma Adjustment Certificate, if applicable) as a result of (a) actions taken, prior to or during such Post-Transaction Period, for the purposes of realizing reasonably identifiable and factually supportable cost savings within 18 months of the date thereof, or (b) any additional costs incurred prior to or during such Post-Transaction Period to effect operating expense reductions and other operating improvements or synergies reasonably expected to result from a Specified Transaction; *provided* that, (A) so long as such actions are taken prior to or during such Post-Transaction Period or such costs are incurred prior to or during such Post-Transaction Period it may be assumed, for purposes of projecting such pro forma increase or decrease to Consolidated Adjusted EBITDA, that such cost savings will be realizable during the entirety of such period, or such additional costs will be incurred during the entirety of such period, and (B) any such pro forma increase or decrease to Consolidated Adjusted EBITDA shall be without duplication for cost savings or additional costs already included in Consolidated Adjusted EBITDA for such period. Notwithstanding the foregoing, any Pro Forma Adjustment to Consolidated Adjusted EBITDA for any period, together with any amounts added back pursuant to clauses (a)(viii) and (a)(xii) of the definition of “Consolidated Adjusted EBITDA” for such period, shall not exceed the greater of \$500 million and 15% of Consolidated Adjusted EBITDA for such period (calculated prior to such add-back).

“*Pro Forma Adjustment Certificate*” means any certificate by the chief financial officer or treasurer of the Borrower or any other officer of the Borrower reasonably acceptable to the Administrative Agent delivered pursuant to Section 6.1(h).

*“Pro Forma Basis,” “Pro Forma Compliance” and “Pro Forma Effect”* means, with respect to compliance with any test or covenant hereunder, that (A) to the extent applicable, the Pro Forma Adjustment shall have been made and (B) all Specified Transactions and the following transactions in connection therewith shall be deemed to have occurred as of the first day of the applicable period of measurement in such test or covenant: (a) income statement items (whether positive or negative) attributable to the property or Person subject to such Specified Transaction, (i) in the case of a sale, transfer or other disposition of all or substantially all capital stock in any Subsidiary of the Borrower or any division or product line of the Borrower or any of its Subsidiaries, shall be excluded, and (ii) in the case of a Permitted Acquisition or investment described in the definition of the term “Specified Transaction,” shall be included, (b) any retirement or repayment of Indebtedness, (c) any Indebtedness incurred by the Borrower or any of its Subsidiaries in connection therewith and if such indebtedness has a floating or formula rate, shall have an implied rate of interest for the applicable period for purposes of this definition determined by utilizing the rate that is or would be in effect with respect to such Indebtedness at the relevant date of determination and (d) the acquisition of any Consolidated Total Assets, whether pursuant to any Specified Transaction or any Person becoming a Subsidiary or merging, amalgamating or consolidating with or into the Borrower or any of its Subsidiaries or the Borrower or any of its Subsidiaries; *provided* that, without limiting the application of the Pro Forma Adjustment pursuant to clause (A) above (but without duplication thereof or in addition thereto), the foregoing pro forma adjustments described in clause (a) above may be applied to any such test or covenant solely to the extent that such adjustments are consistent with the definition of “Consolidated Adjusted EBITDA” and give effect to events (including operating expense reductions) that are (i) (x) directly attributable to such transaction, (y) expected to have a continuing impact on the Borrower and its Subsidiaries and (z) factually supportable or (ii) otherwise consistent with the definition of the term “Pro Forma Adjustment.”

*“Prohibited Lender”* means (a) any Person identified in writing upon two (2) Business Days’ notice by the Borrower to the Administrative Agent that is at the time a competitor of the Borrower or any of its Subsidiaries or (b) any Affiliate of any Person described in clause (a) to the extent such Affiliate is clearly identifiable solely on the basis of the similarity of such Affiliate’s name to any Person described in clause (a) (but excluding any Affiliate of such Person that is a bona fide debt fund or investment vehicle that is primarily engaged, or that advises funds or other investment vehicles that are engaged in, making, purchasing, holding or otherwise investing in commercial loans, bonds and similar extensions of credit or securities in the ordinary course and with respect to which such Person does not, directly or indirectly, possess the power to direct or cause the direction of the investment policies of such entity), in each case, solely to the extent the list of Prohibited Lenders described in clause (a) is made available to all Lenders (either by the Borrower or by the Administrative Agent with the Borrower’s express authorization) on the Platform); it being understood that to the extent the Borrower provides such list (or any supplement thereto) to the Administrative Agent, the Administrative Agent is authorized to and shall post such list (and any such supplement thereto))

on the Platform; *provided* that no supplement to the list of Prohibited Lenders described in clause (a) shall apply retroactively to disqualify any Persons that have previously acquired an assignment or participation interest in the Loans.

“*Property*” means, as to any Person, all types of real, personal, tangible, intangible or mixed property owned by such Person whether or not included in the most recent balance sheet of such Person and its Subsidiaries under GAAP.

“*Public Lender*” has the meaning assigned to such term in Section 10.25(a).

“*Qualified Acquisition*” means an Acquisition (a) of (i) assets comprising all or substantially all or any significant portion of a business or an operating unit or division of a business or (ii) at least a majority (in number of votes) of the capital stock or other Equity Interests of a Person, (b) the aggregate cash consideration for which equals or exceeds \$200 million, (c) the Leverage Ratio after giving Pro Forma Effect to such Qualified Acquisition is greater than the Leverage Ratio immediately prior to such Qualified Acquisition and (d) that the Borrower notifies the Administrative Agent in writing at least five (5) Business Days (or such shorter period as may be reasonably acceptable to the Administrative Agent) prior to the consummation of such Acquisition that such Acquisition shall be a “Qualified Acquisition” for purposes of this Agreement along with a certificate signed by a Responsible Officer of the Borrower setting forth a calculation of (x) the Leverage Ratio immediately prior to such Qualified Acquisition and (y) the Leverage Ratio after giving Pro Forma Effect to such Qualified Acquisition for any Formula Based Increase; *provided* that if the Borrower publicly announces such Acquisition later than five (5) Business Days prior to consummation of the Acquisition, the Borrower shall deliver such notice (and certificate, if applicable) on the date of announcement.

“*Qualified Public Offering*” means the issuance by the Borrower of its common Equity Interests in an underwritten primary public offering (other than a public offering pursuant to a registration statement on Form S-8) pursuant to an effective registration statement filed with the U.S. Securities and Exchange Commission in accordance with the Securities Act of 1933, as amended.

“*Ratio-Based Incremental Amount*” is defined in Section 2.14(b) herein.

“*RCRA*” means the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act of 1976 and Hazardous and Solid Waste Amendments of 1984, 42 U.S.C. §§ 6901 *et seq.*, and any future amendments.

“*Receivables*” means accounts receivable (including all rights to payment created by or arising from the sale of goods, leases of goods or the rendition of services, no matter how evidenced (including in the form of a chattel paper)).

“*Receivables Financing Subsidiary*” means any Wholly-owned Subsidiary of the Borrower formed solely for the purpose of, and that engages only in, one or more Permitted Receivables Financings.

“*Refinancing Amendment*” is defined in Section 2.16(f) hereof.

“*Refinancing Indebtedness*” means any incurrence by the Borrower or any Restricted Subsidiary of Indebtedness which serves to refund or refinance other Indebtedness or any Indebtedness issued to so refund, replace or refinance (herein, “*refinance*”) such Indebtedness, including, in each case, additional Indebtedness incurred to pay accrued but unpaid interest, premiums (including tender premiums), defeasance costs and fees and expenses in connection therewith; *provided, however*, that such Refinancing Indebtedness:

- (A) has a Weighted Average Life to Maturity at the time such Refinancing Indebtedness is incurred which is not less than the remaining Weighted Average Life to Maturity of the Indebtedness being refunded or refinanced;
- (B) to the extent such Refinancing Indebtedness refinances Indebtedness that was originally (1) subordinated or *pari passu* to the Obligations (other than Indebtedness incurred under clause (w) of Section 6.14(I)), such Refinancing Indebtedness is subordinated or *pari passu* to the Obligations at least to the same extent as the Indebtedness being refinanced or refunded, (2) secured by the Collateral on a *pari passu* or junior basis, such Refinancing Indebtedness is secured only by the Collateral and only to the extent as the Indebtedness being refinanced or refunded (but, for the avoidance of doubt, may be unsecured), (3) secured by assets other than the Collateral, such Refinancing Indebtedness is secured only by assets other than the Collateral or (4) unsecured, such Refinancing Indebtedness is unsecured; and
- (C) shall not include Indebtedness of a non-Loan Party that refinances Indebtedness of a Loan Party.

“*Refinancing Notes*” means any secured or unsecured notes issued by the Borrower or any Guarantor (whether under an indenture or otherwise) and the Indebtedness represented thereby; *provided* that (a) 100% of the Net Cash Proceeds of such Refinancing Notes are used to permanently reduce Loans and/or replace Commitments no later than three (3) Business Days after the date on which such Refinancing Notes are issued; (b) the principal amount (or accreted value, if applicable) of such Refinancing Notes does not exceed the principal amount (or accreted value, if applicable) of the aggregate portion of the Loans so reduced and/or Commitments so replaced (*plus* unpaid accrued interest and premium (including tender premiums) thereon and underwriting discounts, defeasance costs, fees, commissions and expenses); (c) the final maturity date of such Refinancing Notes is on or after the termination date of the Term Loans so reduced or the Revolving Credit Commitments so replaced; (d) the

Weighted Average Life to Maturity of such Refinancing Notes is greater than or equal to the Weighted Average Life to Maturity of the Term Loans so repaid or the Revolving Credit Commitments so replaced; (e) the terms of such Refinancing Notes do not provide for any scheduled repayment, mandatory redemption or sinking fund obligations prior to the termination date of the Term Loans so reduced or the Revolving Credit Commitments so replaced, as applicable (other than (x) in the case of notes, customary offers to repurchase or mandatory prepayment provisions upon a change of control, asset sale or event of loss and customary acceleration rights after an event of default and (y) in the case of loans, customary amortization and mandatory and voluntary prepayment provisions which are, when taken as a whole, consistent in all material respects with, or not materially more restrictive to the Borrower and its Subsidiaries than (as reasonably determined by the Borrower), those applicable to the Term Loans and/or Revolving Credit Commitments, as the case may be, with such Indebtedness to provide that any such mandatory prepayments as a result of asset sales, events of loss, or excess cash flow, shall be allocated on a *pro rata* basis or a less than *pro rata* basis (but not a greater than *pro rata* basis) with the Term Loans outstanding pursuant to this Agreement); (f) there shall be no obligor with respect thereto that is not a Loan Party; (g) if such Refinancing Notes are secured, the security agreements relating to such assets shall not extend to any assets not constituting Collateral and shall be no more favorable to the secured party or parties, taken as a whole (as reasonably determined by the Borrower) than the Collateral Documents (with such differences as are reasonably satisfactory to the Administrative Agent); (h) if such Refinancing Notes are secured, such Refinancing Notes shall be secured by all or a portion of the Collateral, but shall not be secured by any assets of the Borrower or its subsidiaries other than the Collateral; (i) Refinancing Notes that are secured by Collateral shall be subject to the provisions of a customary intercreditor agreement and (j) all other terms applicable to such Refinancing Notes (other than provisions relating to original issue discount, upfront fees, interest rates and any other pricing terms (which original issue discount, upfront fees, interest rates and other pricing terms shall not be subject to the provisions set forth in this clause (j))), when taken as a whole, shall (as reasonably determined by the Borrower) be substantially similar to, or not materially less favorable to the Borrower and its Subsidiaries than, the terms applicable to the Term Loans so reduced or the Revolving Credit Commitments so replaced (except to the extent such covenants and other terms apply solely to any period after the latest maturity date applicable to such Term Loans or Revolving Credit Commitments or are added for the benefit of the Lenders); *provided* that a certificate of a Responsible Officer of the Borrower delivered to the Administrative Agent for posting to the Lenders at least five (5) Business Days prior to the issuance of such Refinancing Notes, together with a reasonably detailed description of the material terms and conditions of such Refinancing Notes or drafts of the documentation relating thereto, stating that the Borrower has determined in good faith that such terms and conditions satisfy the foregoing requirement in clause (j) shall be conclusive evidence that such terms and conditions satisfy the foregoing requirement unless the Required Lenders through the Administrative Agent notify the Borrower within such five (5) Business Day period that they

disagree with such determination (including a reasonable description of the basis upon which they disagree).

“*Refinancing Term Loans*” is defined in Section 2.16(a) hereof.

“*Register*” is defined in Section 10.10(c)(i) hereof.

“*Reimbursement Obligations*” is defined in Section 2.3(c) hereof.

“*Rejecting Lender*” is defined in Section 2.8(c)(vii) hereof.

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

“*Release*” means any spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, disposing or migration on, at, under, into or through the Environment.

“*Relevant Existing Facility*” is defined in Section 2.14(a)(H) hereof.

“*Replacement Revolving Credit Commitments*” is defined in Section 2.16(c) hereof.

“*Replacement Revolving Facility*” is defined in Section 2.16(c) hereof.

“*Replacement Revolving Facility Effective Date*” is defined in Section 2.16(c) hereof.

“*Replacement Revolving Loans*” is defined in Section 2.16(c) hereof.

“*Reportable Event*” means any of the events set forth in Section 4043(c) of ERISA, other than those events as to which the thirty day notice period is waived under subsections 27, 28, 29, 30, 31, 32, 34 or 35 of PBGC Regulation Section 4043.

“*Repricing Transaction*” means each of (a) the prepayment, repayment, refinancing, substitution or replacement of all or a portion of the U.S. Term B-4 Loans with the proceeds of any secured term loans incurred or guaranteed by the Borrower or any Guarantor incurred for the primary purpose of reducing the effective yield (with the comparative determinations to be made by the Administrative Agent in a manner consistent with generally accepted financial practices, and in any event consistent with Section 2.14(a)(H)) to less than the effective yield (as determined by the Administrative Agent on the same basis) applicable to such Term B Loans so prepaid, repaid, refinanced, substituted or replaced and (b) any amendment, waiver or other modification to, or consent under, this Agreement incurred for the primary

purpose of reducing the effective yield (to be determined by the Administrative Agent on the same basis as set forth in preceding clause (a)) of the U.S. Term B-4 Loans; *provided* that in no event shall any such prepayment, repayment, refinancing, substitution, replacement, amendment, waiver, modification or consent in connection with a Change of Control, constitute a Repricing Transaction. Any determination by the Administrative Agent of any effective interest rate as contemplated by preceding clauses (a) and (b) shall be conclusive and binding on all Lenders, and the Administrative Agent shall have no liability to any Person with respect to such determination.

“*Required Lenders*” means, as of the date of determination thereof, Lenders whose outstanding Loans and interests in Letters of Credit and Unused Revolving Credit Commitments constitute more than 50.00% of the sum of the total outstanding Loans, interests in Letters of Credit and Unused Revolving Credit Commitments; *provided* that the Revolving Credit Commitment of, and the portion of the outstanding Loans, interests in Letters of Credit and Unused Revolving Credit Commitments held or deemed held by, any Defaulting Lender (so long as such Lender is a Defaulting Lender) or the Borrower or any of the Borrower’s Affiliates shall be excluded for purposes of making a determination of Required Lenders.

“*Required RC/TLA Lenders*” means, at any time, Lenders having Revolving Exposures, Term A-1 Loans and unused Commitments in respect of the foregoing representing more than 50% of the sum of the total Revolving Exposures, outstanding Term A-1 Loans and unused Commitments in respect of the foregoing at such time; *provided* that the Revolving Exposures, Term A-1 Loans and unused Commitments in respect of the foregoing held or deemed held by any Defaulting Lender (so long as such Lender is a Defaulting Lender) or the Borrower or any of the Borrower’s Affiliates shall be excluded for purposes of making a determination of Required RC/TLA Lenders.

“*Required RC Lenders*” means, at any time, Lenders having Revolving Exposures and unused Revolving Credit Commitments representing more than 50% of the sum of the total Revolving Exposures and unused Revolving Credit Commitments at such time; *provided* that the Revolving Exposures and unused Revolving Credit Commitments held or deemed held by any Defaulting Lender (so long as such Lender is a Defaulting Lender) or the Borrower or any of the Borrower’s Affiliates shall be excluded for purposes of making a determination of Required RC Lenders.

“*Required U.S. Term B-4 Lenders*” means, at any time, Lenders having U.S. Term B-4 Loans representing more than 50% of the sum of the total outstanding U.S. Term B-4 Loans at such time; *provided* that U.S. Term B-4 Loans held or deemed held by any Defaulting Lender (so long as such Lender is a Defaulting Lender) or the Borrower or any of the Borrower’s Affiliates shall be excluded for purposes of making a determination of Required U.S. Term B-4 Lenders.

“*Reserve Percentage*” means, for any Borrowing of Eurodollar Loans denominated in Dollars, the daily average for the applicable Interest Period of the maximum rate, expressed as a decimal, at which reserves (including, without limitation, any supplemental, marginal, and emergency reserves) are imposed during such Interest Period by the Board of Governors of the Federal Reserve System (or any successor thereof) on “Eurocurrency liabilities,” as defined in such Board’s Regulation D (or in respect of any other category of liabilities that includes deposits by reference to which the interest rate on Eurodollar Loans is determined or any category of extensions of credit or other assets that include loans by non-United States offices of any Lender to United States residents), subject to any amendments of such reserve requirement by such Board or its successor, taking into account any transitional adjustments thereto. For purposes of this definition, the Eurodollar Loans shall be deemed to be “Eurocurrency liabilities” as defined in Regulation D without benefit or credit for any prorations, exemptions or offsets under Regulation D. The Reserve Percentage shall be adjusted automatically on and as of the effective date of any change in any reserve percentage.

“*Responsible Officer*” of any person means any executive officer (including, without limitation, the chief executive officer, president, chief financial officer, treasurer, assistant treasurer, director, controller, any vice president, secretary and assistant secretary), any authorized person or financial officer of such person, any other officer or similar official or authorized person thereof with responsibility for the administration of the obligations of such person in respect of this Agreement and with respect to any Loan Party that is a limited liability company, any manager thereof appointed pursuant to the organizational documents of such Loan Party.

“*Restricted Asset Sale Amount*” is defined in Section 2.8(c)(vi)(I) hereof.

“*Restricted Debt Payment*” is defined in Section 6.20(a) hereof.

“*Restricted ECF Amount*” is defined in Section 2.8(c)(vi)(II) hereof.

“*Restricted Subsidiary*” means any Subsidiary other than an Unrestricted Subsidiary. As of the Escrow Release Date, all of the Subsidiaries of the Borrower will be Restricted Subsidiaries.

“*Revolver Percentage*” means, for each Revolving Lender, the percentage of the aggregate Revolving Credit Commitments represented by such Revolving Lender’s Revolving Credit Commitment or, if the Revolving Credit Commitments have been terminated, the percentage held by such Revolving Lender (including through participation interests in Reimbursement Obligations) of the aggregate principal amount of all Revolving Loans and L/C Obligations then outstanding.

“*Revolving Credit Commitment*” means, (i) prior to the Amendment No. 7 Effective Date, the Original Revolving Credit Commitments, and (ii) on or after the Amendment No. 7 Effective Date, the 2018 Revolving Credit Commitments.

“*Revolving Credit Commitment Increase*” is defined in Section 2.14(a) hereof.

“*Revolving Credit Termination Date*” means the earliest of (a) February 27, 2023, (b) such earlier date on which the Revolving Credit Commitments are terminated in whole pursuant to Section 2.10, 7.2 or 7.3 hereof and (c) with respect to any Revolving Lender that has extended its Revolving Credit Commitment pursuant to an Extension consummated under Section 2.15 and with respect to any L/C Issuer that has consented to such extension, the extended maturity date of such Revolving Lender’s Revolving Credit Commitment.

“*Revolving Exposure*” means, with respect to any Lender as of any date of determination, (i) prior to the termination of the Revolving Credit Commitments, that Lender’s Revolving Credit Commitment; and (ii) after the termination of the Revolving Credit Commitments, the sum of (a) the aggregate outstanding principal amount of the Revolving Loans of that Lender, (b) in the case of an L/C Issuer, the aggregate Letter of Credit Usage in respect of all Letters of Credit issued by that Lender (net of any participations by Lenders in such Letters of Credit) and (c) the aggregate amount of all participations by that Lender in any outstanding Letters of Credit or any unreimbursed drawing under any Letter of Credit.

“*Revolving Facility*” means the credit facility for making Revolving Loans and issuing Letters of Credit described in Sections 2.2 and 2.3 hereof.

“*Revolving Lender*” means any Lender holding all or a portion of the Revolving Facility.

“*Revolving Loan*” is defined in Section 2.2 hereof and, as so defined, includes a Base Rate Loan or a Eurodollar Loan, each of which is a “type” of Revolving Loan hereunder.

“*Revolving Note*” is defined in Section 2.12(d) hereof.

“*Rollover Term A Lender*” means each Term A Lender with a Term A Loan extended on the Closing Date that has consented to exchange such Term A Loan into a Term A-1 Loan, and that has been allocated such Term A-1 Loan by the Administrative Agent.

“*Rollover U.S. Term B Lender*” means each U.S. Term B Lender with a U.S. Term B Loan extended on the Closing Date that has consented to exchange such U.S. Term B Loan into a U.S. Term B-1 Loan, and that has been allocated such U.S. Term B-1 Loan by the Administrative Agent.

“*Rollover U.S. Term B-1 Lender*” means each U.S. Term B-1 Lender with a U.S. Term B-1 Loan extended on the Closing Date that has consented to exchange such U.S. Term B-1 Loan into a U.S. Term B-2 Loan, and that has been allocated such U.S. Term B-2 Loan by the Administrative Agent.

“*Rollover U.S. Term B-2 Lender*” means each U.S. Term B-2 Lender with a U.S. Term B-2 Loan extended on the Closing Date that has consented to exchange such U.S. Term B-2 Loan into a U.S. Term B-3 Loan, and that has been allocated such U.S. Term B-3 Loan by the Administrative Agent.

“*Rollover U.S. Term B-3 Lender*” means each U.S. Term B-3 Lender with a U.S. Term B-3 Loan extended on the Amendment No. 5 Effective Date that has consented to exchange such U.S. Term B-3 Loan into a U.S. Term B-4 Loan, and that has been allocated such U.S. Term B-4 Loan by the Administrative Agent.

“*Sanctioned Country*” means, at any time, any country or territory that is, or whose government is, the subject or target of any Sanctions that broadly restrict or prohibit trade and investment or other dealings with that country, territory or government. As of the Closing Date, the following countries or territories are “Sanctioned Countries”: Crimea, Cuba, Iran, North Korea, Sudan and Syria.

“*Sanctioned Person*” means, at any time, any Person with whom dealings are restricted or prohibited under Sanctions, including, without limitation, (a) any Person listed in any applicable Sanctions-related list of designated Persons maintained and published by the Office of Foreign Assets Control of the U.S. Department of the Treasury, the U.S. Department of State, the U.S. Department of Commerce, the United Nations Security Council, the European Union or Her Majesty’s Treasury of the United Kingdom, (b) any Person located, organized or resident in, or any Governmental Authority or governmental instrumentality of, a Sanctioned Country or (c) any Person controlled by, or acting for the benefit of or on behalf of, any such Person.

“*Sanctions*” means any applicable economic or trade sanctions enacted, imposed, administered or enforced by the U.S. government (including the Office of Foreign Assets Control of the U.S. Department of the Treasury, the U.S. Department of State or the U.S. Department of Commerce), the United Nations Security Council, the European Union, Her Majesty’s Treasury of the United Kingdom.

“*Schrader Acquisition*” is defined in the Preliminary Statements hereto.

“*S&P*” means Standard & Poor’s Ratings Services, a Standard & Poor’s Financial Services LLC business.

“*SD Guarantor*” means SanDisk Technologies, Inc.

“*Seagate Arbitration*” means the arbitration between the Borrower and Seagate Technology, LLC and related matters based on the actions initially filed by Seagate Technology, LLC on October 4, 2006

“*SEC Documents*” means the Borrower SEC Documents and the Target SEC Documents.

“*Secured Covenant Package*” means the provisions, requirements, exceptions or baskets described in Section 2.8(c), Section 2.14 and Article 6, other than those that specifically state that they only apply during an Unsecured Covenants Period.

“*Secured Covenants Period*” is defined in Section 9.12 hereof.

“*Secured Covenant Reinstatement Event*” means any day following a Collateral and Guarantee Suspension Date on which (i) the Borrower’s corporate family rating shall be less than the following from at least two of the following three ratings agencies: (x) Ba2 from Moody’s, (y) BB from S&P and (z) BB from Fitch, in each case, with a stable or better outlook or (ii) the Borrower notifies the Administrative Agent in writing that it has elected to terminate a Collateral and Guarantee Suspension Period.

“*Secured Parties*” has the meaning assigned to that term in the Security Agreement.

“*Security Agreement*” means that certain Security Agreement, substantially in the form of Exhibit I, dated as of the Escrow Release Date by and between the Loan Parties party thereto and the Collateral Agent.

“*Security Agreement Supplement*” means an Assumption and Supplemental Security Agreement in the form attached to the Security Agreement as Schedule E.

“*Senior Managing Agents*” means, collectively, DBS Bank Ltd., U.S. Bank N.A. and Fifth Third Bank.

“*Senior Notes*” means, collectively, the Senior Secured Notes and the Senior Unsecured Notes.

“*Senior Notes Documents*” means, collectively, the Senior Secured Notes Documents and the Senior Unsecured Notes Documents.

“*Senior Notes Escrow Accounts*” means the escrow accounts established pursuant to the Senior Notes Escrow Agreements.

“*Senior Notes Escrow Agreements*” means the Senior Secured Notes Escrow Agreement and the Senior Unsecured Notes Escrow Agreement.

“*Senior Notes Offering Memorandum*” means the Offering Memorandum dated as of March 30, 2016 related to the offer and sale of the Senior Notes.

“*Senior Secured Leverage Ratio*” means, as of the date of determination thereof, the ratio of (a) Consolidated Senior Secured Debt as of such date to (b) Consolidated Adjusted EBITDA for the period of four (4) fiscal quarters then most recently ended.

“*Senior Secured Notes*” means the \$1,875 million aggregate principal amount of 7.375% Senior Secured Notes due 2023 of the Borrower including, as the same may be amended, supplemented, waived or otherwise modified from time to time, including any senior secured exchange notes issued in lieu thereof.

“*Senior Secured Notes Documents*” means the Senior Secured Notes Indenture and all other instruments, agreements and other documents evidencing or governing the Senior Secured Notes or providing for any guarantee, obligation, security or other right in respect thereof.

“*Senior Secured Notes Escrow Agreement*” means the Escrow Agreement dated as of April 13, 2016, by and among Parent, the Trustee under the Senior Secured Notes, SunTrust Bank, as escrow agent and SunTrust Bank as securities intermediary, as such agreement is amended, modified, supplemented or restated from time to time.

“*Senior Secured Notes Indenture*” means the Indenture dated as of April 13, 2016, under which the Senior Secured Notes are issued, as the same may be amended, supplemented, waived or otherwise modified from time to time.

“*Senior Unsecured Notes*” means the \$3,350 million aggregate principal amount of 10.500% Senior Unsecured Notes due 2024 of the Borrower, as the same may be amended, supplemented, waived or otherwise modified from time to time, including any senior unsecured exchange notes issued in lieu thereof.

“*Senior Unsecured Notes Documents*” means the Senior Unsecured Notes Indenture and all other instruments, agreements and other documents evidencing or governing the Senior Unsecured Notes or providing for any guarantee, obligation, security or other right in respect thereof.

“*Senior Unsecured Notes Escrow Agreement*” means the Escrow Agreement dated as of April 13, 2016, by and among Parent, the Trustee under the Senior Unsecured Notes, SunTrust Bank, as escrow agent and SunTrust Bank as securities intermediary, as such agreement is amended, modified, supplemented or restated from time to time.

“*Senior Unsecured Notes Indenture*” means the Indenture dated as of April 13, 2016, under which the Senior Unsecured Notes are issued, as the same may be amended, supplemented, waived or otherwise modified from time to time.

“*Significant Subsidiary*” means and includes each Subsidiary that is a Restricted Subsidiary except any Restricted Subsidiary that does not have (together with its Subsidiaries) (a) at any time, Consolidated Total Assets the book value of which constitutes more than 2.50% of the book value of the Consolidated Total Assets of the Borrower and its Restricted Subsidiaries at such time or (b) consolidated net income in accordance with GAAP for any four (4) consecutive fiscal quarters of the Borrower ending on or after July 3, 2015, that constitutes more than 2.50% of the consolidated net income in accordance with GAAP of the Borrower and its Restricted Subsidiaries during such period; *provided* that at no time shall (A) the book value of the Consolidated Total Assets of all Subsidiaries that are not Significant Subsidiaries equal or exceed 10.00% of the book value of the Consolidated Total Assets of the Borrower and its Restricted Subsidiaries or (B) the consolidated net income in accordance with GAAP for any four (4) consecutive fiscal quarters of all such Subsidiaries that are not Significant Subsidiaries ending on or after July 3, 2015 constitute more than 10.00% of the consolidated net income in accordance with GAAP of the Borrower and its Restricted Subsidiaries during such period.

“*Solvency Certificate*” means the Solvency Certificate delivered pursuant to Section 3.3(a)(vi) hereof, substantially in the form of Exhibit E to this Agreement.

“*Specified Acquisition Agreement Representations*” is defined in Section 3.3(f) hereof.

“*specified date*” has the meaning assigned to such term in the definition of the term “Fiscal Quarter End Date.”

“*Specified Representations*” means the representations and warranties of the Loan Parties set forth in the following sections of this Agreement: Section 5.2(i) (solely with respect to organizational existence of the Loan Parties), Section 5.3 (solely as it relates to (x) organizational power and authority of the Loan Parties to duly authorize, execute, deliver and perform the Loan Documents, (y) the due authorization, execution, delivery and enforceability of the Loan Documents and (z) no conflicts of the Loan Documents (with respect to the execution and delivery by the Borrower and the Guarantors of this Agreement, the incurrence of indebtedness hereunder and the granting of the guarantees and security interests hereunder) with the organizational documents of the Loan Parties), Section 5.7, Section 5.13, Section 5.20, Section 5.21(c) and (x) for purposes of Section 3.2(b), the first sentence of Section 5.22(a) of the Original Loan Agreement and (y) for purposes of Section 3.3(b), Section 5.22 of the Original Loan Agreement (other than the first sentence of Section 5.22(a)).

“*Specified Transaction*” means, with respect to any period, (a) the Transactions, (b) any Permitted Acquisition or the making of other investments pursuant to which all or substantially all of the assets or stock of a Person (or any line of business or division thereof) are acquired, (c) the disposition of all or substantially all of the assets or stock of a Subsidiary (or any line of business or division thereof), (d) any retirement or repayment of Indebtedness or (e) any other event that by the terms of the Loan Documents requires Pro Forma Compliance with a test or covenant hereunder or requires such test or covenant to be calculated on a Pro Forma Basis or after giving Pro Forma Effect thereto.

“*Subsidiary*” means, as to any particular parent corporation or organization, any other corporation or organization more than 50.00% of the outstanding Voting Stock of which is at the time directly or indirectly owned by such parent corporation or organization or by any one (1) or more other entities which are themselves subsidiaries of such parent corporation or organization. Unless otherwise expressly noted herein, the term “Subsidiary” means a Subsidiary of the Borrower or of any of its direct or indirect Subsidiaries.

“*Swap Obligation*” has the meaning assigned to that term in the definition of “Excluded Swap Obligation.”

“*Target*” means the Target Company and its Subsidiaries.

“*Target Company*” is defined in the Preliminary Statements hereto.

“*Target SEC Documents*” means all reports, schedules, forms, proxy statements, prospectuses (including prospectus supplements), registration statements and other information filed by the Target Company with the U.S. Securities and Exchange Commission or furnished by Target Company to the U.S. Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934.

“*Taxes*” means all present or future taxes, levies, imposts, duties, deduction, withholdings (including backup withholding), value added taxes, sales and use taxes, assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

“*Term A Facility*” means the credit facility for the Term A Loans described in Section 2.1(a) hereof.

“*Term A Lender*” means any Lender holding all or a portion of the Term A Facility.

“*Term A Loan*” is defined in Section 2.1(a) hereof.

“*Term A Loan Commitment*” means, as to any Lender, the obligation of such Lender to make Term A Loans on the Escrow Release Date pursuant to Section 2.1(a) hereof, in an aggregate principal amount not to exceed the amount set forth opposite such Lender’s name on Schedule 1 attached hereto and made a part hereof, as the same may be reduced pursuant to Section 2.10. The Borrower and the Term A Lenders acknowledged and agreed that the Term A Loan Commitments of the Term A Lenders aggregated \$4,125.0 million as of the Closing Date.

“*Term A-1 Facility*” means the credit facility for the Term A-1 Loans described in Section 2.1(i) hereof.

“*Term A-1 Loan Commitment*” means, with respect to a Lender, the agreement of such Lender to exchange the entire principal amount of its Term A Loans (or such lesser amount allocated to it by the Administrative Agent) for an equal principal amount of Term A-1 Loans on the Amendment No. 7 Effective Date.

“*Term A-1 Lender*” means a Lender with an outstanding Term A-1 Loan Commitment or an outstanding Term A-1 Loan.

“*Term A-1 Loan*” means an Additional Term A-1 Loan, a Loan that is deemed made pursuant to Section 2.1(i) hereof or an Incremental Term A-1 Loan.

“*Term A-1 Loan Percentage*” means, for any Term A-1 Lender, the percentage held by such Term A-1 Lender of the aggregate principal amount of all Term A-1 Loans then outstanding.

“*Term A-1 Note*” is defined in Section 2.12(d) hereof.

“*Term A-1 Termination Date*” is defined in Section 2.7(a) hereof.

“*Term B Facility*” means the U.S. Term B-4 Facility.

“*Term B Lender*” means any Lender holding all or a portion of the Term B Facility.

“*Term B Loan*” means the U.S. Term B-4 Loans.

“*Term B Loan Commitment*” means the U.S. Term B-4 Commitments.

“*Term B Note*” means the U.S. Term B-4 Notes.

“*Term B Termination Date*” means, as of any date, the U.S. Term B-4 Termination Date.

“*Term Commitment Increase*” is defined in Section 2.14(a) hereof.

“*Term Facilities*” means, collectively, the Term A-1 Facility and the Term B Facility.

“*Term Loan Commitments*” means, collectively, the Term A-1 Loan Commitments and the Term B Loan Commitments.

“*Term Loan Percentage*” means any or all of the Term A-1 Loan Percentage and the U.S. Term B-4 Loan Percentage, as the context requires.

“*Term Loans*” means, collectively, the Term A-1 Loans and the Term B Loans.

“*Termination Date*” is defined in the lead-in to Article 6 hereof.

“*Total Consideration*” means the total amount (but without duplication) of (a) cash paid in connection with any Acquisition, *plus* (b) Indebtedness for borrowed money payable to the seller in connection with such Acquisition, *plus* (c) the fair market value of any equity securities, including any warrants or options therefor, delivered to the seller in connection with any Acquisition, *plus* (d) the amount of Indebtedness assumed in connection with any Acquisition.

“*Total Funded Debt*” means, at any time the same is to be determined, the aggregate amount of all Indebtedness under clauses (a), (c), (d) and (e) of such definition (to the extent, in the case of clause (e), that such obligations are funded obligations that have not been reimbursed within two (2) Business Days following the funding thereof) of the Borrower and its Restricted Subsidiaries, as determined on a consolidated basis in accordance with GAAP.

“*tranche*” is defined in Section 2.15(a) hereof.

“*Transaction Expenses*” means any fees, costs or expenses incurred or paid by the Borrower or any of its Restricted Subsidiaries in connection with the Transactions (including OID).

“*Transactions*” means, collectively, (a) the transactions contemplated by this Agreement and the other Loan Documents (including the entering into of the Escrow Agreement, the funding of the Escrow Account and the release of funds therefrom), (b) the Escrow Release Date Refinancing and the repurchase of the Convertible Notes in connection with the Schrader Acquisition, (c) the Schrader Acquisition and the other transactions to occur pursuant to or in connection with the Acquisition Agreement, (d) the entry into the Senior Notes Documents and the offering and issuance of the Senior Notes (including the entering into of the Senior Notes Escrow Agreement, the funding of the Senior Notes Escrow Account and the release of funds therefrom), (e) the entry into the Additional Bridge Facility and the incurrence of Indebtedness thereunder, (f) the payment of the Transaction Expenses and (g) the Intercompany Transactions and related transactions.

“*Treasury Regulations*” means the regulations issued by the Internal Revenue Service under the Code, as such regulations may be amended from time to time.

“*UCC*” means the Uniform Commercial Code or any successor provision thereof as in effect from time to time (except as otherwise specified) in the State of New York or the Uniform Commercial Code or any successor provision thereof (or similar code or statute) of another jurisdiction, to the extent it may be required to apply to any item or items of Collateral.

“*Unfunded Vested Liabilities*” means, for any Plan at any time, the amount (if any) by which the present value of all vested nonforfeitable accrued benefits under such Plan exceeds the fair market value of all Plan assets allocable to such benefits, all determined as of the then most recent valuation date for such Plan, but only to the extent that such excess represents a potential liability of a member of the Controlled Group to the PBGC or the Plan under Title IV of ERISA.

“*Unrestricted Subsidiary*” means (a) any Subsidiary designated by the Borrower as an Unrestricted Subsidiary pursuant to Section 6.9 subsequent to the Escrow Release Date and (b) any Subsidiary of an Unrestricted Subsidiary.

“*Unsecured Covenant Package*” means the provisions, requirements, exceptions or baskets described in Section 2.8(c), Section 2.14 and Article 6, other than those that specifically state that they only apply during an Secured Covenants Period.

“*Unsecured Covenants Period*” is defined in Section 9.12 hereof.

“*Unused Revolving Credit Commitments*” means, at any time, the difference between the Revolving Credit Commitments then in effect and the aggregate outstanding principal amount of Revolving Loans and L/C Obligations.

“*U.S. Tax Compliance Certificate*” is defined in Section 10.1(c) hereof.

“*U.S. Term B Facility*” means the credit facility for the U.S. Term B Loans described in Section 2.1(b) hereof.

“*U.S. Term B Lender*” means any Lender holding all or a portion of the U.S. Term B Facility.

“*U.S. Term B Loan*” is defined in Section 2.1(b) hereof.

“*U.S. Term B Loan Commitment*” means, as to any Lender, the obligation of such Lender to make U.S. Term B Loans hereunder in an aggregate principal amount not to exceed the amount set forth opposite such Lender’s name on Schedule 1 attached hereto and made a part hereof, as the same may be reduced pursuant to Section 2.10. The Borrower and the U.S. Term

B Lenders acknowledged and agreed that the U.S. Term B Loan Commitments of the U.S. Term B Lenders aggregated \$3,750.0 million as of the Closing Date.

“*U.S. Term B-1 Commitment*” means, with respect to a Lender, the agreement of such Lender to exchange the entire principal amount of its U.S. Term B Loans (or such lesser amount allocated to it by the Administrative Agent) for an equal principal amount of U.S. Term B-1 Loans on the Amendment No. 1 Effective Date.

“*U.S. Term B-1 Lender*” means a Lender with an outstanding U.S. Term B-1 Commitment or an outstanding U.S. Term B-1 Loan.

“*U.S. Term B-1 Loan*” means an Additional U.S. Term B-1 Loan or a Loan that is deemed made pursuant to Section 2.1(d) hereof.

“*U.S. Term B-2 Commitment*” means, with respect to a Lender, the agreement of such Lender to exchange the entire principal amount of its U.S. Term B-1 Loans (or such lesser amount allocated to it by the Administrative Agent) for an equal principal amount of U.S. Term B-2 Loans on the Amendment No. 3 Effective Date.

“*U.S. Term B-2 Lender*” means a Lender with an outstanding U.S. Term B-2 Commitment or an outstanding U.S. Term B-2 Loan.

“*U.S. Term B-2 Loan*” means an Additional U.S. Term B-2 Loan or a Loan that is deemed made pursuant to Section 2.1(d) hereof.

“*U.S. Term B-3 Commitment*” means, with respect to a Lender, the agreement of such Lender to exchange the entire principal amount of its U.S. Term B-2 Loans (or such lesser amount allocated to it by the Administrative Agent) for an equal principal amount of U.S. Term B-3 Loans on the Amendment No. 5 Effective Date.

“*U.S. Term B-3 Facility*” means the credit facility for the U.S. Term B-3 Loans described in Section 2.1(h) hereof.

“*U.S. Term B-3 Lender*” means a Lender with an outstanding U.S. Term B-3 Commitment or an outstanding U.S. Term B-3 Loan.

“*U.S. Term B-3 Loan*” means an Additional U.S. Term B-3 Loan or a Loan that is deemed made pursuant to Section 2.1(h) hereof.

“*U.S. Term B-3 Loan Percentage*” means, for any U.S. Term B-3 Lender, the percentage held by such U.S. Term B-3 Lender of the aggregate principal amount of all U.S. Term B-3 Loans then outstanding.

“*U.S. Term B-3 Note*” is defined in Section 2.12(d) hereof.

“*U.S. Term B-3 Termination Date*” is defined in Section 2.7(b) hereof.

“*U.S. Term B-4 Commitment*” means, with respect to a Lender, the agreement of such Lender to exchange the entire principal amount of its U.S. Term B-3 Loans (or such lesser amount allocated to it by the Administrative Agent) for an equal principal amount of U.S. Term B-4 Loans on the Amendment No. 8 Effective Date.

“*U.S. Term B-4 Facility*” means the credit facility for the U.S. Term B-4 Loans described in Section 2.1(k) hereof.

“*U.S. Term B-4 Lender*” means a Lender with an outstanding U.S. Term B-4 Commitment or an outstanding U.S. Term B-4 Loan.

“*U.S. Term B-4 Loan*” means an Additional U.S. Term B-4 Loan or a Loan that is deemed made pursuant to Section 2.1(k) hereof.

“*U.S. Term B-4 Loan Percentage*” means, for any U.S. Term B-4 Lender, the percentage held by such U.S. Term B-4 Lender of the aggregate principal amount of all U.S. Term B-4 Loans then outstanding.

“*U.S. Term B-4 Note*” is defined in Section 2.12(d) hereof.

“*U.S. Term B-4 Termination Date*” is defined in Section 2.7(b) hereof.

“*Voting Stock*” of any Person means capital stock, shares or other Equity Interests of any class or classes (however designated) having ordinary power for the election of directors or other similar governing body of such Person (including, without limitation, general partners of a partnership), other than stock, shares or other Equity Interests having such power only by reason of the happening of a contingency.

“*WDC Guarantor*” means a Guarantor that is a Subsidiary of the Borrower as of the Closing Date.

“*Weighted Average Life to Maturity*” means, when applied to any Indebtedness at any date, the quotient obtained by dividing:

(a) the sum of the products of the number of years from the date of determination to the date of each successive scheduled principal payment of such Indebtedness multiplied by the amount of such payment; by

(b) the sum of all such payments.

“*Welfare Plan*” means a “welfare plan” as defined in Section 3(1) of ERISA.

“*Wholly-owned Subsidiary*” means, at any time, any Subsidiary of which all of the issued and outstanding shares of capital stock (other than directors’ qualifying shares and shares held by a resident of the jurisdiction, in each case, as required by law) or other Equity Interests are owned by any one (1) or more of the Borrower and the Borrower’s other Wholly-owned Subsidiaries at such time.

“*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 1.2 *Interpretation*. With reference to this Agreement and each other Loan Document, unless otherwise specified herein or in such other Loan Document:

(a) Terms Generally. The meanings of defined terms are equally applicable to the singular and plural forms of the defined terms. The words “herein,” “hereto,” “hereof” and “hereunder” and words of similar import when used in any Loan Document shall refer to such Loan Document as a whole and not to any particular provision thereof. Unless otherwise specified therein, references in a particular agreement to an Exhibit, Schedule, Article, Section, clause or sub-clause refer to the appropriate Exhibit or Schedule to, or Article, Section, clause or sub-clause in, such agreement. The term “including” is by way of example and not limitation. The term “documents” includes any and all instruments, documents, agreements, certificates, notices, reports, financial statements and other writings, however evidenced, whether in physical or electronic form. Any reference herein to any Person shall be construed to include such Person’s successors and permitted assigns. In the computation of periods of time from a specified date to a later specified date, the word “from” means “from and including”; the words “to” and “until” each mean “to but excluding”; and the word “through” means “to and including.” The words “asset” and “property” shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights. Unless the context requires otherwise, any definition of or reference to any agreement, instrument or other document herein or in any Loan Document shall be construed as referring to such agreement, instrument or other document as from time to time amended, restated, amended and restated, supplemented or otherwise modified, extended, refinanced or replaced (subject to any restrictions or qualifications on such amendments, restatements, amendment and restatements, supplements or modifications, extensions, refinancings or replacements set forth herein or in any other Loan Document). All terms that are used in this Agreement or any other Loan Document which are defined in the UCC of the State of New York shall have the same meanings herein as such terms are

defined in the New York UCC, unless this Agreement or such other Loan Document shall otherwise specifically provide.

(b) Times of Day. All references to time of day herein are references to New York City, New York time unless otherwise specifically provided.

(c) Accounting Terms; GAAP. Where the character or amount of any asset or liability or item of income or expense is required to be determined or any consolidation or other accounting computation is required to be made for the purposes of this Agreement, it shall be done in accordance with GAAP, (a) except as otherwise provided herein in the definition of “Capital Lease” and (b) without giving effect to (i) any election under Accounting Standards Codification 825-10-25 (previously referred to as Statement of Financial Accounting Standards 159) (or any other Accounting Standards Codification or Financial Accounting Standard having a similar result or effect) to value any Indebtedness or other liabilities by the Borrower or any Subsidiary at “fair value,” as defined therein and (ii) any treatment of Indebtedness in respect of convertible debt instruments under Accounting Standards Codification 470-20 (or any other Account Standards Codification or Financial Accounting Standard having a similar result or effect) to value any such Indebtedness in a reduced or bifurcated manner as described therein, and such Indebtedness shall at all times be valued at the full stated principal amount thereof.

### Section 1.3 *Certain Determinations*.

(a) In calculating the Leverage Ratio and/or the Senior Secured Leverage Ratio for purposes of determining the permissibility of any incurrence of Indebtedness hereunder, including under the Ratio-Based Incremental Amount, with respect to the amount of any Indebtedness incurred in reliance on a provision of this Agreement that does not require compliance with a Leverage Ratio and/or Senior Secured Leverage Ratio test (any such amounts, the “*Fixed Amounts*”) which is incurred substantially concurrently with any Indebtedness incurred in reliance on a provision of this Agreement that requires compliance with a Leverage Ratio and/or Senior Secured Leverage Ratio test, it is understood and agreed that the Fixed Amounts (and any cash proceeds thereof) shall be disregarded in the calculation of Indebtedness for purposes of such Leverage Ratio and/or Senior Secured Leverage Ratio test; *provided* that notwithstanding the foregoing, any provision of this Agreement requiring Pro Forma Compliance with Section 6.22 (or any part thereof), including in connection with a transaction, such as a Permitted Acquisition, must be satisfied on a Pro Forma Basis, including for the incurrence of Indebtedness, regardless of the provision under which such Indebtedness is or will be incurred.

(b) Notwithstanding anything to the contrary herein, financial ratios and tests (including the Leverage Ratio, the Senior Secured Leverage Ratio and the ratio of Consolidated Adjusted EBITDA to Interest Expense (and the components of each of the foregoing) and the amount of Consolidated Total Assets, but excluding Excess Cash Flow (and the components of each of the foregoing)) contained in this Agreement that are calculated with respect to any test period shall be calculated on a Pro Forma Basis.

**Section 1.4 *Change in Accounting Principles.*** If, after the Closing Date, there shall occur any change in GAAP (except as otherwise provided herein in the definition of “Capital Lease”) from those used in the preparation of the financial statements referred to in Section 6.1 hereof and such change shall result in a change in the method of calculation of any financial covenant, standard or term found in this Agreement, either the Borrower or the Required Lenders may by notice to the Lenders and the Borrower, respectively, require that the Lenders and the Borrower negotiate in good faith to amend such covenants, standards, and term so as equitably to reflect such change in accounting principles, with the desired result being that the criteria for evaluating the financial condition of the Borrower and its Restricted Subsidiaries shall be the same as if such change had not been made. No delay by the Borrower or the Required Lenders in requiring such negotiation shall limit their right to so require such a negotiation at any time after such a change in accounting principles. Until any such covenant, standard, or term is amended in accordance with Section 1.3(b), financial covenants (and all related defined terms) shall be computed and determined in accordance with GAAP in effect prior to such change in accounting principles. Without limiting the generality of the foregoing, the Borrower shall neither be deemed to be in compliance with any covenant hereunder nor out of compliance with any covenant hereunder if such state of compliance or noncompliance, as the case may be, would not exist but for the occurrence of a change in accounting principles after the Closing Date.

**Section 1.5 *Currency Generally.***

(a) Each provision of this Agreement shall be subject to such reasonable changes of construction as the Administrative Agent may from time to time specify with the Borrower’s consent to appropriately reflect a change in currency of any country, the adoption of the Euro by any member state of the European Union and any relevant market convention or practice relating to such change in currency or relating to the Euro.

(b) [Reserved].

(c) [Reserved].

## **ARTICLE 2. THE LOAN FACILITIES.**

**Section 2.1 *The Term Loans.***

(a) Subject to the terms and conditions set forth herein, each Term A Lender agrees, severally and not jointly, to and shall make a term loan (each individually, a “*Term A Loan*” and, collectively, the “*Term A Loans*”) in Dollars to the Borrower on the Escrow Release Date in a principal amount not to exceed such Term A Lender’s Term A Loan Commitment. As provided in Section 2.5(a) and subject to the terms hereof, the Borrower may elect that the Term A Loans

comprising the Borrowing hereunder of Term A Loans be either Base Rate Loans or Eurodollar Loans.

(b) Subject to the terms and conditions set forth herein, each U.S. Term B Lender agrees, severally and not jointly, to and shall make a term loan (each individually, a “*U.S. Term B Loan*” and, collectively, the “*U.S. Term B Loans*”) in Dollars to the Borrower on the Closing Date in a principal amount not to exceed such U.S. Term B Lender’s U.S. Term B Loan Commitment. As provided in Section 2.5(a) and subject to the terms hereof, the Borrower may elect that the U.S. Term B Loans comprising the Borrowing hereunder of U.S. Term B Loans be either Base Rate Loans or Eurodollar Loans.

(c) [Reserved].

(d) Subject to the terms and conditions set forth herein and in Amendment No. 1, each Rollover U.S. Term B Lender severally agrees to exchange its Exchanged U.S. Term B Loans for a like principal amount of U.S. Term B-1 Loans on the Amendment No. 1 Effective Date. Subject to the terms and conditions set forth herein and in Amendment No. 1, each Additional U.S. Term B-1 Lender severally agrees to make an Additional U.S. Term B-1 Loan to the Borrower on the Amendment No. 1 Effective Date in the principal amount equal to its Additional U.S. Term B-1 Commitment on the Amendment No. 1 Effective Date. The Borrower shall prepay the Non-Exchanged U.S. Term B Loans with a like amount of the gross proceeds of the Additional U.S. Term B-1 Loans, concurrently with the receipt thereof. The Borrower shall pay to the U.S. Term B Lenders immediately prior to the effectiveness of Amendment No. 1 all accrued and unpaid interest on the U.S. Term B Loans to, but not including, the Amendment No. 1 Effective Date on such Amendment No. 1 Effective Date. The U.S. Term B-1 Loans shall have the same terms as the U.S. Term B Loans as set forth in this Agreement and Loan Documents before giving effect to Amendment No. 1, except as modified by Amendment No. 1; it being understood that the U.S. Term B-1 Loans (and all principal, interest and other amounts in respect thereof) will constitute “Obligations” under this Agreement and the other Loan Documents and shall have the same rights and obligations under this Agreement and Loan Documents as the U.S. Term B Loans prior to the Amendment No. 1 Effective Date. As provided in Section 2.5(a) and subject to the terms hereof, the Borrower may elect that the U.S. Term B-1 Loans comprising the Borrowing hereunder of U.S. Term B-1 Loans be either Base Rate Loans or Eurodollar Loans.

(e) [Reserved].

(f) Subject to the terms and conditions set forth herein and in Amendment No. 3, each Rollover U.S. Term B-1 Lender severally agrees to exchange its Exchanged U.S. Term B-1 Loans for a like principal amount of U.S. Term B-2 Loans on the Amendment No. 3 Effective Date. Subject to the terms and conditions set forth herein and in Amendment No. 3, each Additional U.S. Term B-2 Lender severally agrees to make an Additional U.S. Term B-2 Loan to the Borrower on the Amendment No. 3 Effective Date in the principal amount equal to its

Additional U.S. Term B-2 Commitment on the Amendment No. 3 Effective Date. The Borrower shall prepay the Non-Exchanged U.S. Term B-1 Loans with a like amount of the gross proceeds of the Additional U.S. Term B-2 Loans, concurrently with the receipt thereof. The Borrower shall pay to the U.S. Term B-1 Lenders immediately prior to the effectiveness of Amendment No. 3 all accrued and unpaid interest on the U.S. Term B-1 Loans to, but not including, the Amendment No. 3 Effective Date on such Amendment No. 3 Effective Date. The U.S. Term B-2 Loans shall have the same terms as the U.S. Term B-1 Loans as set forth in this Agreement and Loan Documents before giving effect to Amendment No. 3, except as modified by Amendment No. 3; it being understood that the U.S. Term B-2 Loans (and all principal, interest and other amounts in respect thereof) will constitute “Obligations” under the Loan Agreement and the other Loan Documents and shall have the same rights and obligations under this Agreement and Loan Documents as the U.S. Term B-1 Loans prior to the Amendment No. 3 Effective Date. As provided in Section 2.5(a) and subject to the terms hereof, the Borrower may elect that the U.S. Term B-2 Loans comprising the Borrowing hereunder of U.S. Term B-2 Loans be either Base Rate Loans or Eurodollar Loans.

(g) [Reserved].

(h) Subject to the terms and conditions set forth herein and in Amendment No. 5, each Rollover U.S. Term B-2 Lender severally agrees to exchange its Exchanged U.S. Term B-2 Loans for a like principal amount of U.S. Term B-3 Loans on the Amendment No. 5 Effective Date. Subject to the terms and conditions set forth herein and in Amendment No. 5, each Additional U.S. Term B-3 Lender severally agrees to make an Additional U.S. Term B-3 Loan to the Borrower on the Amendment No. 5 Effective Date in the principal amount equal to its Additional U.S. Term B-3 Commitment on the Amendment No. 5 Effective Date. The Borrower shall prepay the Non-Exchanged U.S. Term B-2 Loans with a like amount of the gross proceeds of the Additional U.S. Term B-3 Loans, concurrently with the receipt thereof. The Borrower shall pay to the U.S. Term B-2 Lenders immediately prior to the effectiveness of Amendment No. 5 all accrued and unpaid interest on the U.S. Term B-2 Loans to, but not including, the Amendment No. 5 Effective Date on such Amendment No. 5 Effective Date. The U.S. Term B-3 Loans shall have the same terms as the U.S. Term B-2 Loans as set forth in this Agreement and Loan Documents before giving effect to Amendment No. 5, except as modified by Amendment No. 5; it being understood that the U.S. Term B-3 Loans (and all principal, interest and other amounts in respect thereof) will constitute “Obligations” under this Agreement and the other Loan Documents and shall have the same rights and obligations under this Agreement and Loan Documents as the U.S. Term B-2 Loans prior to the Amendment No. 5 Effective Date. As provided in Section 2.5(a) and subject to the terms hereof, the Borrower may elect that the U.S. Term B-3 Loans comprising the Borrowing hereunder of U.S. Term B-3 Loans be either Base Rate Loans or Eurodollar Loans.

(i) Subject to the terms and conditions set forth herein and in Amendment No. 7, each Rollover Term A Lender severally agrees to exchange its Exchanged Term A Loans for a

like principal amount of Term A-1 Loans on the Amendment No. 7 Effective Date. Subject to the terms and conditions set forth herein and in Amendment No. 7, each Additional Term A-1 Lender severally agrees to make an Additional Term A-1 Loan (which shall be considered an increase to (and part of) the Term A-1 Loans) to the Borrower on the Amendment No. 7 Effective Date in the principal amount equal to its Additional Term A-1 Commitment on the Amendment No. 7 Effective Date. The Borrower shall prepay the Non-Exchanged Term A Loans with a like amount of the gross proceeds of the Additional Term A-1 Loans, concurrently with the receipt thereof. The Borrower shall pay to the Term A Lenders immediately prior to the effectiveness of Amendment No. 7 all accrued and unpaid interest on the Term A Loans to, but not including, the Amendment No. 7 Effective Date on such Amendment No. 7 Effective Date. The Term A-1 Loans shall have the terms set forth in this Agreement and Loan Documents, including as modified by Amendment No. 7; it being understood that the Term A-1 Loans (and all principal, interest and other amounts in respect thereof) will constitute "Obligations" under this Agreement and the other Loan Documents. As provided in Section 2.5(a) and subject to the terms hereof, the Borrower may elect that the Term A-1 Loans comprising the Borrowing hereunder of Term A-1 Loans be either Base Rate Loans or Eurodollar Loans.

(j) Subject to the terms and conditions set forth herein and in Amendment No. 7, each Incremental Term A-1 Lender severally agrees to make an Incremental Term A-1 Loan to the Borrower on the Amendment No. 7 Effective Date in the principal amount equal to its Incremental Term A-1 Commitment on the Amendment No. 7 Effective Date. The Incremental Term A-1 Loans shall be considered an increase to (and part of) the Term A-1 Loans. As provided in Section 2.5(a) and subject to the terms hereof, the Borrower may elect that the Incremental Term A-1 Loans comprising the Borrowing hereunder of Incremental Term A-1 Loans be either Base Rate Loans or Eurodollar Loans.

(k) Subject to the terms and conditions set forth herein and in Amendment No. 8, each Rollover U.S. Term B-3 Lender severally agrees to exchange its Exchanged U.S. Term B-3 Loans for a like principal amount of U.S. Term B-4 Loans on the Amendment No. 8 Effective Date. Subject to the terms and conditions set forth herein and in Amendment No. 8, each Additional U.S. Term B-4 Lender severally agrees to make an Additional U.S. Term B-4 Loan to the Borrower on the Amendment No. 8 Effective Date in the principal amount equal to its Additional U.S. Term B-4 Commitment on the Amendment No. 8 Effective Date. The Borrower shall prepay the Non-Exchanged U.S. Term B-3 Loans with a like amount of the gross proceeds of the Additional U.S. Term B-4 Loans, concurrently with the receipt thereof. The Borrower shall pay to the U.S. Term B-3 Lenders immediately prior to the effectiveness of Amendment No. 8 all accrued and unpaid interest on the U.S. Term B-3 Loans to, but not including, the Amendment No. 8 Effective Date on such Amendment No. 8 Effective Date. The U.S. Term B-4 Loans shall have the same terms as the U.S. Term B-3 Loans as set forth in the Loan Agreement and Loan Documents before giving effect to Amendment No. 8, except as modified by Amendment No. 8; it being understood that the U.S. Term B-4 Loans (and all principal, interest and other amounts in respect thereof) will constitute "Obligations" under the Loan Agreement and the other Loan

Documents and shall have the same rights and obligations under the Loan Agreement and Loan Documents as the U.S. Term B-3 Loans prior to the Amendment No. 8 Effective Date. As provided in Section 2.5(a) and subject to the terms hereof, the Borrower may elect that the U.S. Term B-4 Loans comprising the Borrowing hereunder of U.S. Term B-4 Loans be either Base Rate Loans or Eurodollar Loans.

(l) Amounts repaid or prepaid in respect of Term Loans may not be reborrowed.

**Section 2.2 *Revolving Credit Commitments.*** Prior to the Revolving Credit Termination Date, each Revolving Lender severally and not jointly agrees, subject to the terms and conditions hereof, to make revolving loans (each individually a “*Revolving Loan*” and, collectively, the “*Revolving Loans*”) in Dollars to the Borrower from time to time during the period from the Escrow Release Date to the Revolving Credit Termination Date up to the amount of such Lender’s Revolving Credit Commitment in effect at such time; *provided, however*, that the sum of the aggregate principal amount of Revolving Loans and L/C Obligations at any time outstanding shall not exceed the sum of the total Revolving Credit Commitments in effect at such time. Each Borrowing of Revolving Loans shall be made ratably by the Lenders in proportion to their respective Revolver Percentages. As provided in Section 2.5(a), and subject to the terms hereof, the Borrower may elect that each Borrowing of Revolving Loans be either Base Rate Loans or Eurodollar Loans. Revolving Loans may be repaid and reborrowed before the Revolving Credit Termination Date, subject to the terms and conditions hereof.

**Section 2.3 *Letters of Credit.***

(a) *General Terms.* Subject to the terms and conditions hereof, as part of the Revolving Facility, commencing with the Escrow Release Date, the L/C Issuers shall issue standby and documentary letters of credit (each a “*Letter of Credit*”) for the Borrower’s account and/or its Subsidiaries’ account (provided that each shall be jointly and severally liable) in an aggregate undrawn face amount up to the L/C Sublimit; *provided, however*, that the sum of the Revolving Loans and L/C Obligations at any time outstanding shall not exceed the sum of all Revolving Credit Commitments in effect at such time; and *provided further* that (i) no L/C Issuer shall have any obligation to issue any Letter of Credit if, after giving effect to such issuance, the aggregate L/C Obligations in respect of Letters of Credit issued by such L/C Issuer would exceed the amount stipulated for it in the definition of “L/C Issuer” (such amount, such L/C Issuer’s “*Letter of Credit Commitment*”), (ii) Credit Suisse AG, Cayman Islands Branch, Royal Bank of Canada and their respective Affiliates shall not be obligated to issue any documentary Letters of Credit and (iii) no L/C Issuer shall be required to issue any Letter of Credit if doing so would result in the aggregate Revolving Loans and Letters of Credit extended by such L/C Issuer to exceed its Revolving Credit Commitment. Each Revolving Lender shall be obligated to reimburse the L/C Issuers for such Revolving Lender’s Revolver Percentage of the amount of each drawing under a Letter of Credit and, accordingly, each Letter of Credit shall constitute usage of the Revolving Credit Commitment of each Revolving Lender *pro rata* in an amount equal to its Revolver Percentage of the L/C Obligations then outstanding. The Borrower may, at any time and from time to time, reduce the Letter of Credit Commitment of any L/C Issuer with the consent of such L/C Issuer; provided that the Borrower shall not reduce the Letter of Credit Commitment of any L/C Issuer if, after giving effect of such reduction, the conditions set forth in

clauses (i) and (iii) above shall not be satisfied. Notwithstanding anything to the contrary provided in this Agreement, each letter of credit listed on Schedule 2.3(a) (each, an “*Existing Letter of Credit*”) shall be deemed issued under this Agreement from and after the Amendment No. 7 Effective Date.

(b) *Applications*. At any time after the Escrow Release Date and before the Revolving Credit Termination Date, the L/C Issuers shall, at the request of the Borrower, issue one (1) or more Letters of Credit in Dollars, in form and substance acceptable to the applicable L/C Issuer, with expiration dates no later than the earlier of (i) 12 months from the date of issuance (or which are cancelable not later than 12 months from the date of issuance and each renewal) or (ii) five (5) Business Days prior to the Revolving Credit Termination Date, in an aggregate face amount as requested by the Borrower subject to the limitations set forth in clause (a) of this Section 2.3, upon the receipt of a duly executed application for the relevant Letter of Credit in the form then customarily prescribed by the applicable L/C Issuer for the Letter of Credit requested (each an “*Application*”); *provided* that any Letter of Credit with a 12-month tenor may provide for the renewal thereof for additional 12-month periods (which shall in no event extend beyond the date referred to in clause (ii) above, unless an L/C Backstop has been provided to the L/C Issuers thereof). Notwithstanding anything contained in any Application to the contrary: (i) the Borrower shall pay fees in connection with each Letter of Credit as set forth in Section 2.13(b) hereof, and (ii) if the applicable L/C Issuer is not timely reimbursed for the amount of any drawing under a Letter of Credit as required pursuant to clause (c) of this Section 2.3, the Borrower’s obligation to reimburse such L/C Issuer for the amount of such drawing shall bear interest (which the Borrower hereby promises to pay) from and after the date such drawing is paid to but excluding the date of reimbursement by the Borrower at a rate per annum equal to the sum of 2.00% *plus* the Applicable Margin *plus* the Base Rate from time to time in effect (computed on the basis of a year of 365 or 366 days, as the case may be, and the actual number of days elapsed). Without limiting the foregoing, each L/C Issuer’s obligation to issue a Letter of Credit or increase the amount of a Letter of Credit is subject to the terms or conditions of this Agreement (including the conditions set forth in Section 3.1 and the other terms of this Section 2.3).

(c) *The Reimbursement Obligations*. Subject to Section 2.3(b) hereof, the Borrower shall reimburse the applicable L/C Issuer for all drawings under a Letter of Credit (a “*Reimbursement Obligation*”) by no later than (x) 2:00 p.m. (New York time) on the Business Day after the date of such payment by such L/C Issuer under a Letter of Credit, if the Borrower has been informed of such drawing by the applicable L/C Issuer on or before 10:00 a.m. (New York time) on the date of the payment of such drawing, or (y) if notice of such drawing is given to the Borrower after 10:00 a.m. (New York time) on the date of the payment of such drawing, reimbursement shall be made within two Business Days following the date of the payment of such drawing, by the end of such day, in all instances in immediately available funds at the Administrative Agent’s principal office in New York, New York or such other office as the Administrative Agent may designate in writing to the Borrower, and the Administrative Agent

shall thereafter cause to be distributed to the applicable L/C Issuer such amount(s) in like funds. If the Borrower does not make any such reimbursement payment on the date due and the Participating Lenders fund their participations in the manner set forth in Section 2.3(d) below, then all payments thereafter received by the Administrative Agent in discharge of any of the relevant Reimbursement Obligations shall be distributed in accordance with Section 2.3(d) below. In addition, for the benefit of the Administrative Agent, the L/C Issuers and each Lender, the Borrower agrees that, notwithstanding any provision of any Application, its obligations under this Section 2.3(c) and each Application shall be absolute, unconditional and irrevocable, and shall be performed strictly in accordance with the terms of this Agreement and the Applications, under all circumstances whatsoever, and irrespective of any claim or defense that the Borrower may otherwise have against the Administrative Agent, the L/C Issuers or any Lender, including without limitation (i) any lack of validity or enforceability of any Loan Document; (ii) any amendment or waiver of or any consent to departure from all or any of the provisions of any Loan Document; (iii) the existence of any claim of set-off the Borrower may have at any time against a beneficiary of a Letter of Credit (or any Person for whom a beneficiary may be acting), the Administrative Agent, the L/C Issuers, any Lender or any other Person, whether in connection with this Agreement, another Loan Document, the transaction related to the Loan Document or any unrelated transaction; (iv) any statement or any other document presented under a Letter of Credit proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect; (v) payment by the Administrative Agent or an L/C Issuer under a Letter of Credit against presentation to the Administrative Agent or an L/C Issuer of a draft or certificate that does not comply with the terms of the Letter of Credit; *provided* that the Administrative Agent's or an L/C Issuer's determination that documents presented under the Letter of Credit complied with the terms thereof did not constitute gross negligence, bad faith or willful misconduct of the Administrative Agent or an L/C Issuer (as determined by the final, non-appealable judgment of a court of competent jurisdiction); or (vi) any other act or omission to act or delay of any kind by the Administrative Agent or an L/C Issuer, any Lender or any other Person or any other event or circumstance whatsoever that might, but for the provisions of this Section 2.3(c), constitute a legal or equitable discharge of the Borrower's obligations hereunder or under an Application.

(d) *The Participating Interests.* Each Revolving Lender (other than the Lender acting as L/C Issuer) severally and not jointly agrees to purchase from the L/C Issuers, and each L/C Issuer hereby agrees to sell to each such Revolving Lender (a "*Participating Lender*"), an undivided participating interest (a "*Participating Interest*") to the extent of its Revolver Percentage in each Letter of Credit issued by, and each Reimbursement Obligation owed to, the L/C Issuers. Upon the Borrower's failure to pay any Reimbursement Obligation on the date and at the time required, or if an L/C Issuer is required at any time to return to the Borrower or to a trustee, receiver, liquidator, custodian or other Person any portion of any payment of any Reimbursement Obligation, each Participating Lender shall, not later than the Business Day it receives a certificate in the form of Exhibit A hereto from such L/C Issuer (with a copy to the Administrative Agent) to such effect, if such certificate is received before 12:00 noon, or not

later than 12:00 noon the following Business Day, if such certificate is received after such time, pay to the Administrative Agent for the account of such L/C Issuer an amount equal to such Participating Lender's Revolver Percentage of such unpaid Reimbursement Obligation together with interest on such amount accrued from the date such L/C Issuer made the related payment to the date of such payment by such Participating Lender at a rate per annum equal to: (i) from the date such L/C Issuer made the related payment to the date two (2) Business Days after payment by such Participating Lender is due hereunder, the Federal Funds Rate for each such day and (ii) from the date two (2) Business Days after the date such payment is due from such Participating Lender to the date such payment is made by such Participating Lender, the Base Rate in effect for each such day. Each such Participating Lender shall, after making its appropriate payment, be entitled to receive its Revolver Percentage of each payment received in respect of the relevant Reimbursement Obligation and of interest paid thereon, with each L/C Issuer retaining its Revolver Percentage thereof as a Revolving Lender hereunder.

The several obligations of the Participating Lenders to the L/C Issuers under this Section 2.3 shall be absolute, irrevocable and unconditional under any and all circumstances and shall not be subject to any set-off, counterclaim or defense to payment which any Participating Lender may have or has had against the Borrower, the L/C Issuers, the Administrative Agent, any Lender or any other Person. Without limiting the generality of the foregoing, such obligations shall not be affected by any Default or Event of Default or by any reduction or termination of the Revolving Credit Commitment of any Revolving Lender, and each payment by a Participating Lender under this Section 2.3 shall be made without any offset, abatement, withholding or reduction whatsoever.

(e) *Indemnification.* The Participating Lenders shall, to the extent of their respective Revolver Percentages, indemnify the L/C Issuers (to the extent not reimbursed by the Borrower and without relieving the Borrower of its obligation to do so) against any cost, expense (including reasonable counsel fees and disbursements), claim, demand, action, loss or liability (except as a result from any L/C Issuer's gross negligence or willful misconduct as determined by the final, non-appealable judgment of a court of competent jurisdiction) that such L/C Issuer may suffer or incur in connection with any Letter of Credit issued by it. The obligations of the Participating Lenders under this Section 2.3(e) and all other parts of this Section 2.3 shall survive termination of this Agreement and of all Applications, Letters of Credit, and all drafts and other documents presented in connection with drawings thereunder.

(f) *Manner of Requesting a Letter of Credit.* The Borrower shall provide at least three (3) Business Days' advance written notice to the Administrative Agent and the applicable L/C Issuer (or such lesser notice as the Administrative Agent and the L/C Issuers may agree in their sole discretion) of each request for the issuance of a Letter of Credit, each such notice to be accompanied by a properly completed and executed Application for the requested Letter of Credit and, in the case of an extension or amendment or an increase in the amount of a Letter of Credit, a written request therefor, in a form acceptable to the Administrative Agent and the

applicable L/C Issuer, in each case, together with the fees called for by this Agreement. The L/C Issuers shall promptly notify the Administrative Agent and the Lenders of the issuance, extension or amendment of a Letter of Credit.

(g) *Conflict with Application.* In the event of any conflict or inconsistency between this Agreement and the terms of any Application, the terms of this Agreement shall control.

(h) *Existing Letters of Credit.* Letters of credit of the Borrower, the Target Company and their respective Subsidiaries outstanding on the Escrow Release Date, if any, and set forth on Schedule 2.3(a) of the Original Loan Agreement shall be deemed issued under the Revolving Facility to the extent the applicable letter of credit issuer under such facility is an L/C Issuer under the Revolving Facility.

(i) *Resignation or Replacement of L/C Issuer.* An L/C Issuer may resign as an L/C Issuer hereunder at any time upon at least thirty (30) days' prior written notice to the Lenders, the Administrative Agent and the Borrower. An L/C Issuer may be replaced at any time by written agreement among the Borrower, the Administrative Agent, the replaced L/C Issuer and the successor L/C Issuer. The Administrative Agent shall notify the Lenders of any such replacement of an L/C Issuer. At the time any such resignation or replacement shall become effective, the Borrower shall pay all unpaid fees accrued for the account of the replaced L/C Issuer pursuant to Section 2.13(b). From and after the effective date of any such resignation or replacement, (i) the successor L/C Issuer shall have all the rights and obligations of the replaced L/C Issuer under this Agreement with respect to Letters of Credit to be issued thereafter and (ii) references herein to the term "L/C Issuer" shall be deemed to refer to such successor or to any previous L/C Issuer, or to such successor and all previous L/C Issuers, as the context shall require. After the resignation or replacement of an L/C Issuer hereunder, the replaced L/C Issuer shall remain a party hereto and shall continue to have all the rights and obligations of such L/C Issuer under this Agreement with respect to Letters of Credit issued by it prior to such resignation or replacement but shall not be required to issue additional Letters of Credit.

(j) *Additional L/C Issuers.* From time to time, the Borrower may by notice to the Administrative Agent designate additional Lenders as an L/C Issuer each of which agrees (in its sole discretion) to act in such capacity and is reasonably satisfactory to the Administrative Agent. Each such additional L/C Issuer shall execute a counterpart of this Agreement upon the approval of the Administrative Agent (which approval shall not be unreasonably withheld) and shall thereafter be an L/C Issuer hereunder for all purposes.

(k) *Provisions Related to Extended Revolving Credit Commitments.* If the maturity date in respect of any tranche of Revolving Credit Commitments occurs prior to the expiration of any Letter of Credit issued under such tranche, then (i) if one (1) or more other tranches of Revolving Credit Commitments in respect of which the maturity date shall not have occurred are then in effect, (x) the outstanding Revolving Loans shall be repaid pursuant to Section 2.7(d) on

such maturity date to the extent and in an amount sufficient to permit the reallocation of the Letter of Credit Usage relating to the outstanding Letters of Credit contemplated by clause (y) below and (y) such Letters of Credit shall automatically be deemed to have been issued (including for purposes of the obligations of the Revolving Lenders to purchase participations therein and to make payments in respect thereof pursuant to Section 2.3(d)) under (and ratably participated in by Revolving Lenders pursuant to) the Revolving Credit Commitments in respect of such non-terminating tranches up to an aggregate amount not to exceed the aggregate principal amount of the Revolving Credit Commitments in respect of such non-terminating tranches at such time (it being understood that (1) the participations therein of Revolving Lenders under the maturing tranche shall be correspondingly released and (2) no partial face amount of any Letter of Credit may be so reallocated) and (ii) to the extent not reallocated pursuant to the immediately preceding clause (i), but without limiting the obligations with respect thereto, the Borrower shall provide an L/C Backstop with respect to any such Letter of Credit in a manner reasonably satisfactory to the applicable L/C Issuer. If, for any reason, such L/C Backstop is not provided or the reallocation does not occur, the Revolving Lenders under the maturing tranche shall continue to be responsible for their participating interests in the Letters of Credit; *provided* that, notwithstanding anything to the contrary contained herein, upon any subsequent repayment of the Revolving Loans, the reallocation set forth in clause (i) shall automatically and concurrently occur to the extent of such repayment (it being understood that no partial face amount of any Letter of Credit may be so reallocated). Except to the extent of reallocations of participations pursuant to clause (i) of the second preceding sentence, the occurrence of a maturity date with respect to a given tranche of Revolving Credit Commitments shall have no effect upon (and shall not diminish) the percentage participations of the Revolving Lenders in any Letter of Credit issued before such maturity date. Commencing with the maturity date of any tranche of Revolving Credit Commitments, the L/C Sublimit under any tranche of Revolving Credit Commitments that has not so then matured shall be as agreed with such Revolving Lenders; *provided* that in no event shall such sublimit be less than the sum of (x) the Letter of Credit Usage with respect to the Revolving Lenders under such extended tranche immediately prior to such maturity date and (y) the face amount of the Letters of Credit reallocated to such tranche of Revolving Credit Commitments pursuant to clause (i) of the first sentence of this clause (k) (assuming Revolving Loans are repaid in accordance with clause (i)(x)).

(l) *Applicability of ISP; Limitation of Liability.* Unless otherwise expressly agreed by the applicable L/C Issuer and the Borrower when a Letter of Credit is issued, the rules of the ISP shall apply to each standby Letter of Credit. Notwithstanding the foregoing, no L/C Issuer shall be responsible to the Borrower for, and no L/C Issuer's rights and remedies against the Borrower shall be impaired by, any action or inaction of an L/C Issuer required or permitted under any law, order, or practice that is required or permitted to be applied to any Letter of Credit or this Agreement, including the Law or any order of a jurisdiction where L/C Issuer or the beneficiary is located, the practice stated in the ISP, or in the decisions, opinions, practice statements, or official commentary of the ICC Banking Commission, the Bankers Association for

Finance and Trade - International Financial Services Association (BAFT-IFSA), or the Institute of International Banking Law & Practice, whether or not any Letter of Credit chooses such law or practice.

Section 2.4 *Applicable Interest Rates.*

(a) *Term Base Rate Loans.* Each Term Loan that is a Base Rate Loan made or maintained by a Lender shall bear interest (computed on the basis of a year of 360 days (or, at times when the Base Rate is based on the Prime Rate, 365 or 366 days, as the case may be) and the actual days elapsed) on the unpaid principal amount thereof from the date such Loan is advanced or created by conversion from a Eurodollar Loan until, but excluding, the date of repayment thereof at a rate per annum equal to the sum of the Applicable Margin *plus* the Base Rate from time to time in effect, payable in arrears on each Fiscal Quarter End Date and at maturity (whether by acceleration or otherwise).

(b) *Term Eurodollar Loans.* Each Term Loan that is a Eurodollar Loan made or maintained by a Lender shall bear interest during each Interest Period it is outstanding (computed on the basis of a year of 360 days and actual days elapsed) on the unpaid principal amount thereof from the date such Loan is advanced, continued or, in the case of a Eurodollar Loan denominated in Dollars, created by conversion from a Base Rate Loan until, but excluding, the date of repayment thereof at a rate per annum equal to the sum of the Applicable Margin *plus* in the case of a Eurodollar Loan denominated in Dollars, the Adjusted LIBOR applicable for such Interest Period, payable in arrears on the last day of the Interest Period and at maturity (whether by acceleration or otherwise), and, if the applicable Interest Period is longer than three (3) months, on each day occurring every three (3) months after the commencement of such Interest Period.

(c) *Revolving Base Rate Loans.* Each Revolving Loan that is a Base Rate Loan made or maintained by a Lender shall bear interest (computed on the basis of a year of 360 days (or, at times when the Base Rate is based on the Prime Rate, 365 or 366 days, as the case may be) and the actual days elapsed) on the unpaid principal amount thereof from the date such Loan is advanced or created by conversion from a Eurodollar Loan until, but excluding, the date of repayment thereof at a rate per annum equal to the sum of the Applicable Margin *plus* the Base Rate from time to time in effect, payable in arrears on each Fiscal Quarter End Date and at maturity (whether by acceleration or otherwise).

(d) *Revolving Eurodollar Loans.* Each Revolving Loan that is a Eurodollar Loan made or maintained by a Lender shall bear interest during each Interest Period it is outstanding (computed on the basis of a year of 360 days and actual days elapsed) on the unpaid principal amount thereof from the date such Loan is advanced, continued or created by conversion from a Base Rate Loan until, but excluding, the date of repayment thereof at a rate per annum equal to the sum of the Applicable Margin *plus* the Adjusted LIBOR applicable for such Interest Period,

payable in arrears on the last day of the Interest Period and at maturity (whether by acceleration or otherwise), and, if the applicable Interest Period is longer than three (3) months, on each day occurring every three (3) months after the commencement of such Interest Period.

(e) *Default Rate.* While any Event of Default under Section 7.1(a) (with respect to the late payment of principal, interest, Reimbursement Obligations or fees), or, with respect to the Borrower, Section 7.1(j) or (k) exists or after acceleration, the Borrower shall pay interest (after as well as before entry of judgment thereon to the extent permitted by law) on the overdue amounts of all Loans, Reimbursement Obligations, interest or fees owing hereunder by it at a rate equal to 2.00% per annum *plus* (i) in the case of Loans, the interest rate otherwise applicable thereto and (ii) otherwise, the rate applicable to Revolving Loans that are Base Rate Loans. Such interest shall be paid on demand subject, except in the case of any Event of Default under Section 7.1(j) or (k), to the request of the Administrative Agent at the request or with the consent of the Required Lenders.

(f) *Rate Determinations.* The Administrative Agent shall determine each interest rate applicable to the Revolving Loans and the Reimbursement Obligations hereunder, and its determination thereof shall be conclusive and binding except in the case of manifest error.

#### Section 2.5 *Manner of Borrowing Loans and Designating Applicable Interest Rates.*

(a) *Notice to the Administrative Agent.* The Borrower shall give notice to the Administrative Agent by no later than: (i) 1:00 p.m. (New York time) at least three (3) Business Days before the date on which the Borrower requests the Lenders to advance a Borrowing of Loans that are Eurodollar Loans denominated in Dollars (or in the case of any Borrowing of Loans that are Eurodollar Loans denominated in Dollars on the Closing Date or the Escrow Release Date, 1:00 p.m. (New York time) at least two (2) Business Days prior to such date), (ii) [reserved] and (iii) 1:00 p.m. (New York time) on the date the Borrower requests the Lenders to advance a Borrowing of Loans that are Base Rate Loans. The Loans included in each Borrowing of Loans shall bear interest initially at the type of rate specified in such notice. Thereafter, with respect to Base Rate Loans and Eurodollar Loans that are denominated in Dollars, the Borrower may from time to time elect to change or continue the type of interest rate borne by each Borrowing of Loans or, subject to Section 2.6 hereof, a portion thereof, as follows: (i) if such Borrowing of Loans is of Eurodollar Loans, on the last day of the Interest Period applicable thereto, the Borrower may continue part or all of such Borrowing as Eurodollar Loans or convert part or all of such Borrowing into Base Rate Loans or (ii) if such Borrowing of Loans is of Base Rate Loans, on any Business Day, the Borrower may convert all or part of such Borrowing into Eurodollar Loans for an Interest Period or Interest Periods specified by the Borrower. The Borrower shall give all such notices requesting the advance, continuation or conversion of a Borrowing of Loans to the Administrative Agent by telephone or telecopy (which notice shall be irrevocable (other than in the case of any notice given in respect of the Escrow Release Date, which may be conditioned upon the consummation of the Schrader Acquisition) once given and,

if by telephone, shall be promptly confirmed in writing), substantially in the form attached hereto as Exhibit B (Notice of Borrowing) or Exhibit C (Notice of Continuation/Conversion), as applicable, or in such other form acceptable to the Administrative Agent. Notice of the continuation of a Borrowing of Loans that are Eurodollar Loans for an additional Interest Period or of the conversion of part or all of a Borrowing of Loans that are Base Rate Loans into Eurodollar Loans must be given by no later than 1:00 p.m. (New York time) at least three (3) Business Days before the date of the requested continuation or conversion of a Borrowing of Loans that are denominated in Dollars. All notices concerning the advance, continuation or conversion of a Borrowing of Loans shall specify the date of the requested advance, continuation or conversion of a Borrowing of Loans (which shall be a Business Day), the amount of the requested Borrowing to be advanced, continued or converted, the type of Loans (Base Rate Loans or Eurodollar Loans) to comprise such new, continued or converted Borrowing and, if such Borrowing is to be comprised of Eurodollar Loans, the Interest Period applicable thereto. If no Interest Period is specified in any such notice with respect to any conversion to or continuation as a Borrowing of Eurodollar Loans, the Borrower shall be deemed to have selected an Interest Period of one (1) month's duration. The Borrower agrees that the Administrative Agent may rely on any such telephonic or telecopy notice given by any person the Administrative Agent in good faith believes is an Authorized Representative without the necessity of independent investigation (the Borrower hereby indemnifies the Administrative Agent from any liability or loss ensuing from such reliance) and, in the event any such notice by telephone conflicts with any written confirmation, such telephonic notice shall govern if the Administrative Agent has acted in reliance thereon.

(b) *Notice to the Lenders.* The Administrative Agent shall give prompt telephonic or telecopy notice to each Lender of any notice from the Borrower received pursuant to Section 2.5(a) above and, if such notice requests the Lenders to make Eurodollar Loans, the Administrative Agent shall give notice to the Borrower and each Lender of the interest rate applicable thereto promptly after the Administrative Agent has made such determination.

(c) *Borrower's Failure to Notify; Automatic Continuations and Conversions.* If the Borrower fails to give proper notice of the continuation or conversion of any outstanding Borrowing of Loans that are Eurodollar Loans before the last day of its then current Interest Period within the period required by Section 2.5(a) and such Borrowing is not prepaid in accordance with Section 2.8(a) or (b), such Borrowing shall, at the end of the Interest Period applicable thereto, automatically be converted into a Borrowing of Base Rate Loans (unless such Borrowing is a Borrowing of Term B Loans, in which case such Term B Loans shall be continued as a Eurodollar Loan with an Interest Period of one month). In the event the Borrower fails to give notice pursuant to Section 2.5(a) of a Borrowing of Loans equal to the amount of a Reimbursement Obligation and has not notified the Administrative Agent by 1:00 p.m. (New York time) on the day such Reimbursement Obligation becomes due that it intends to repay such Reimbursement Obligation through funds not borrowed under this Agreement, the Borrower shall be deemed to have requested a Borrowing of Loans that are Base Rate Loans on such day in

the amount of the Reimbursement Obligation then due, which Borrowing, if otherwise available hereunder, shall be applied to pay the Reimbursement Obligation then due.

(d) *Disbursement of Loans*. Not later than 2:00 p.m. on the date of any requested advance of a new Borrowing of Loans, subject to Article 3 hereof, each Lender shall make available its Loan comprising part of such Borrowing in funds immediately available at the principal office of the Administrative Agent in New York, New York. The Administrative Agent shall promptly wire transfer the proceeds of each new Borrowing of Loans to an account designated by the Borrower in the applicable notice of borrowing; *provided* that in the case of the Borrowing of Loans on the Closing Date such funds will be deposited in the Escrow Account.

(e) *Administrative Agent Reliance on Lender Funding*. Unless the Administrative Agent shall have been notified by a Lender prior to the date (or, in the case of a Borrowing of Base Rate Loans, by 1:00 p.m. on such date) on which such Lender is scheduled to make payment to the Administrative Agent of the proceeds of a Loan (which notice shall be effective upon receipt) that such Lender does not intend to make such payment, the Administrative Agent may assume that such Lender has made such payment when due and the Administrative Agent, in reliance upon such assumption may (but shall not be required to) make available to the Borrower the proceeds of the Loan to be made by such Lender and, if any Lender has not in fact made such payment to the Administrative Agent, such Lender shall, on demand, pay to the Administrative Agent the amount made available to the Borrower attributable to such Lender together with interest thereon in respect of each day during the period commencing on the date such amount was made available to the Borrower and ending on (but excluding) the date such Lender pays such amount to the Administrative Agent at a rate per annum equal to: (i) from the date the related advance was made by the Administrative Agent to the date two (2) Business Days after payment by such Lender is due hereunder, the greater of, for each such day, (x) the Federal Funds Rate and (y) an overnight rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation, *plus* any standard administrative or processing fees charged by the Administrative Agent in connection with such Lender's non-payment and (ii) from the date two (2) Business Days after the date such payment is due from such Lender to the date such payment is made by such Lender, the Base Rate in effect for each such day. If such amount is not received from such Lender by the Administrative Agent immediately upon demand, the Borrower will, on demand, repay to the Administrative Agent the proceeds of the Loan attributable to such Lender with interest thereon at a rate per annum equal to the interest rate applicable to the relevant Loan, but without such payment being considered a payment or prepayment of a Loan under Section 8.1 hereof so that the Borrower will have no liability under such Section with respect to such payment.

*Section 2.6 Minimum Borrowing Amounts; Maximum Eurodollar Loans*. Each Borrowing of Base Rate Loans advanced under the applicable Facility shall be in an amount not less than \$1.0 million or such greater amount that is an integral multiple of \$1.0 million. Each Borrowing of Eurodollar Loans advanced, continued or converted under the applicable Facility shall be in an amount equal to \$1.0 million or such greater

amount that is an integral multiple of \$1.0 million. Without the Administrative Agent's consent, there shall not be more than fifteen (15) Borrowings of Eurodollar Loans outstanding at any one time.

### Section 2.7 *Maturity of Loans.*

(a) *Scheduled Payments of Term A-1 Loans.* Subject to Section 2.15, the Borrower shall make principal payments on the Term A-1 Loans in installments on each Fiscal Quarter End Date, commencing with the first full fiscal quarter ending after the Amendment No. 7 Effective Date, in an aggregate amount equal to the following percentages of the aggregate principal amount of the Term A-1 Loans made on the Amendment No. 7 Effective Date: (i) for the first (1st) through the fourth (4th) full fiscal quarters following the Amendment No. 7 Effective Date, 0.625% and (ii) for the fifth (5th) through the nineteenth (19th) full fiscal quarters following the Amendment No. 7 Effective Date, 1.25%, in each case per fiscal quarter (which payments in each case shall be reduced as a result of the application of prepayments in accordance with the order of priority set forth in Section 2.8(a), Section 2.8(c) and Section 2.8(e), as applicable); it being further agreed that a final payment comprised of all principal and interest not sooner paid on the Term A-1 Loans, shall be due and payable on February 27, 2023, the final maturity thereof (the "*Term A-1 Termination Date*").

(b) *Scheduled Payments of U.S. Term B-4 Loans.* Subject to Section 2.15, the Borrower shall make principal payments on the U.S. Term B-4 Loans in installments on each Fiscal Quarter End Date, commencing with the first fiscal quarter ended after the Amendment No. 8 Effective Date, in an aggregate amount equal to 0.25% of the aggregate principal amount of the U.S. Term B-4 Loans made on the Amendment No. 8 Effective Date, in each case per fiscal quarter (which payments in each case shall be reduced as a result of the application of prepayments in accordance with the order of priority set forth in Section 2.8(a), Section 2.8(c) and Section 2.8(e), as applicable); it being further agreed that a final payment comprised of all principal and interest not sooner paid on the U.S. Term B-4 Loans, shall be due and payable on April 29, 2023, the final maturity thereof (the "*U.S. Term B-4 Termination Date*").

(c) *[Reserved]*.

(d) *Revolving Loans.* Each Revolving Loan, both for principal and interest, shall mature and become due and payable by the Borrower on the Revolving Credit Termination Date.

### Section 2.8 *Prepayments.*

(a) *Voluntary Prepayments of Term Loans.*

(i) The Borrower may, at its option, upon notice as herein provided, prepay without premium or penalty (subject to the requirements of Section 2.8(a)(iii) below and except as set forth in Section 8.1 below) at any time all, or from time to time any part of, the Term Loans, in each case, in a minimum aggregate amount of \$5.0 million or such greater amount that is an integral multiple of \$1.0 million or, if less, the entire principal amount thereof then outstanding. The Borrower will give the Administrative Agent written notice (or telephone notice

promptly confirmed by written notice) of each prepayment under this Section 2.8 prior to 1:00 p.m. (New York time) at least one (1) Business Day in the case of Base Rate Loans and three (3) Business Days in the case of Eurodollar Loans prior to the date fixed for such prepayment (which notice may be revoked at the Borrower's option). Each such notice shall specify the date of such prepayment (which shall be a Business Day), the principal amount of such Term Loans to be prepaid and the interest to be paid on the prepayment date with respect to such principal amount being repaid. Such notice of prepayment may state that such notice is conditioned upon the effectiveness of other credit facilities, indentures or similar agreements or other transactions, in which case such notice may be revoked by the Borrower (by notice to the Administrative Agent on or prior to the specified effective date) if such condition is not satisfied. Any prepayments made pursuant to this Section 2.8(a) shall be applied against the Class of Term Loans and the remaining scheduled installments of principal due in respect of such Term Loans in the manner specified by the Borrower or, if not so specified on or prior to the date of such optional prepayment, on a *pro rata* basis to all Classes of Term Loans in direct order of maturity and may not be reborrowed.

(ii) [Reserved].

(iii) In the event that, on or prior to the date that is six (6) months after the Amendment No. 8 Effective Date, the Borrower (x) prepays, repays, refinances, substitutes or replaces any U.S. Term B-4 Loans in connection with a Repricing Transaction (including, for the avoidance of doubt, any prepayment made pursuant to Section 2.8(c)(i) that constitutes a Repricing Transaction), or (y) effects any amendment, waiver or other modification of, or consent under, this Agreement resulting in a Repricing Transaction, the Borrower shall pay to the Administrative Agent, for the ratable account of each of the applicable U.S. Term B-4 Lenders, (A) in the case of clause (x), a premium of 1.00% of the aggregate principal amount of the U.S. Term B-4 Loans so prepaid, repaid, refinanced, substituted or replaced and (B) in the case of clause (y), a fee equal to 1.00% of the aggregate principal amount of the U.S. Term B-4 Loans outstanding immediately prior to such amendment, waiver, modification or consent that are the subject of such Repricing Transaction. If, on or prior to the date that is six (6) months after the Amendment No. 8 Effective Date, all or any portion of the U.S. Term B-4 Loans held by any U.S. Term B-4 Lender are prepaid, repaid, refinanced, substituted or replaced pursuant to Section 8.5 as a result of, or in connection with, such U.S. Term B-4 Lender being a Non-Consenting Lender with respect to any amendment, waiver, modification or consent referred to in clause (y) above (or otherwise in connection with a Repricing Transaction), such prepayment, repayment, refinancing, substitution or replacement will be made at 101% of the principal amount so prepaid, repaid, refinanced, substituted or replaced. All such amounts shall be due and payable on the date of effectiveness of such Repricing Transaction.

(iv) [Reserved].

(b) *Voluntary Prepayments of Revolving Loans.* The Borrower may prepay without premium or penalty (except as set forth in Section 8.1 below) and in whole or in part any Borrowing of (i) Revolving Loans that are Eurodollar Loans at any time upon at least three (3) Business Days' prior notice by the Borrower to the Administrative Agent or (ii) Revolving Loans that are Base Rate Loans at any time upon at least one (1) Business Day's prior notice by the Borrower to the Administrative Agent (in the case of each of clauses (i) and (ii), such notice must be in writing (or telephone notice promptly confirmed by written notice) and received by the Administrative Agent prior to 2:00 p.m. (New York time) on such date), in each case, such prepayment to be made by the payment of the principal amount to be prepaid and, in the case of any Eurodollar Loans, accrued interest thereon to the date fixed for prepayment *plus* any amounts due the Lenders under Section 8.1; *provided, however*, that the Borrower may not partially repay a Borrowing (i) if such Borrowing is of Base Rate Loans, in a principal amount

less than \$0.5 million, and (ii) if such Borrowing is of Eurodollar Loans, in a principal amount less than \$1.0 million, except, in each case, in such lesser amount of the entire principal amount thereof then outstanding. Any such notice of prepayment may state that such notice is conditioned upon the effectiveness of other credit facilities, indentures or similar agreements or other transactions, in which case such notice may be revoked by the Borrower (by notice to the Administrative Agent on or prior to the specified effective date) if such condition is not satisfied.

(c) *Mandatory Prepayments.*

(i) From and after the Escrow Release Date, if the Borrower or any Restricted Subsidiary shall at any time or from time to time incur any Indebtedness (other than with respect to any Indebtedness permitted to be incurred pursuant to Section 6.14 (other than Refinancing Indebtedness, Refinancing Notes, Refinancing Term Loans and Replacement Revolving Credit Commitments to the extent the proceeds are used to refinance Term Loans)), then promptly and in any event within five (5) Business Days of receipt by the Borrower or the Restricted Subsidiary of the Net Cash Proceeds from the incurrence of such Indebtedness, the Borrower shall prepay the Term Loans in an aggregate amount equal to 100.00% of the amount of all such Net Cash Proceeds, net of underwriting discounts and commissions and other reasonable costs and expenses associated therewith, including reasonable legal fees and expenses. The amount of each such prepayment shall be applied to the outstanding Term Loans of each Class, *pro rata*, until paid in full; *provided that*, in the case of any prepayment under this clause (i) made using the Net Cash Proceeds of any Refinancing Indebtedness, each such prepayment shall be applied (A) first, to the Class or Classes of Term Loans, as directed by the Borrower, with the earliest maturity date (ratably among Classes, if multiple Classes exist with the same maturity date), until all such Term Loans of such Class or Classes have been repaid or terminated in full and (B) thereafter, to the successive Class or Classes of Term Loans with the next earliest maturity date (ratably among Classes, if multiple Classes exist with the same maturity date), and so on, until 100% of Net Cash Proceeds of such Refinancing Indebtedness has been applied to the Term Loans as required under this clause (i).

(ii) From and after the Escrow Release Date, if the Borrower or any Restricted Subsidiary shall at any time or from time to time make a Disposition or shall suffer an Event of Loss resulting in Net Cash Proceeds in excess of \$15.0 million in a single transaction or in a series of related transactions or \$25.0 million in the aggregate for all such Dispositions or Events of Loss during such fiscal year, then promptly and in any event within five (5) Business Days of receipt by the Borrower or the Restricted Subsidiary of the Net Cash Proceeds of such Disposition or such Event of Loss, the Borrower shall prepay the Term B Loans and, solely during a Secured Covenants Period, the Term A-1 Loans, in an aggregate amount equal to 100.00% of the amount of all such Net Cash Proceeds in excess of the amount specified above; *provided that*, in the case of each Disposition and Event of Loss, if the Borrower or the applicable Restricted Subsidiary intends to invest or reinvest, as applicable, within twelve (12) months of the applicable Disposition or receipt of Net Cash Proceeds from an Event of Loss, the Net Cash Proceeds thereof in assets used or useful in the operations of the Borrower or its Subsidiaries, then the Borrower shall not be required to make a mandatory prepayment under this Section in respect of such Net Cash Proceeds to the extent such Net Cash Proceeds are actually invested or reinvested within such twelve-month period, or the Borrower or a Restricted Subsidiary has committed to so invest or reinvest such Net Cash Proceeds during such twelve-month period and such Net Cash Proceeds are so reinvested within 180 days after the expiration of such twelve-month period; *provided, however*, that if any Net Cash Proceeds have not been so invested or reinvested prior to the expiration of the applicable period, the Borrower shall promptly prepay the Term Loans in the amount of such Net Cash Proceeds in excess of the amount specified above not so invested or reinvested; *provided, further*, that if, at the time that any such prepayment would be required hereunder, the Borrower is required to prepay or offer to repurchase any other Indebtedness secured on a *pari passu* basis (or any Refinancing Indebtedness in respect thereof that is secured on a *pari passu* basis) with the Obligations pursuant to the terms of the documentation governing

such Indebtedness with such Net Cash Proceeds (such Indebtedness (or Refinancing Indebtedness in respect thereof) required to be prepaid or offered to be so repurchased, the “*Other Applicable Indebtedness*”), then the Borrower may apply such Net Cash Proceeds on a *pro rata* basis to the prepayment of the Term Loans and to the repurchase or prepayment of the Other Applicable Indebtedness (determined on the basis of the aggregate outstanding principal amount of the Term Loans and Other Applicable Indebtedness (or accreted amount if such Other Applicable Indebtedness is issued with original issue discount) at such time; *provided* that the portion of such Net Cash Proceeds allocated to the Other Applicable Indebtedness shall not exceed the amount of such Net Cash Proceeds required to be allocated to the Other Applicable Indebtedness pursuant to the terms thereof, and the remaining amount, if any, of such Net Cash Proceeds shall be allocated to the Term Loans in accordance with the terms hereof), and the amount of the prepayment of the Term Loans that would have otherwise been required pursuant to this Section 2.8(c)(ii) shall be reduced accordingly; *provided, further*, that to the extent the holders of the Other Applicable Indebtedness decline to have such Indebtedness prepaid or repurchased, the declined amount shall promptly be applied to prepay the Term Loans in accordance with the terms hereof. The amount of each such prepayment shall be applied to the outstanding Term Loans of each Class *pro rata*, until paid in full.

(ii) No later than the fifth Business Day after the date on which financial statements with respect to each fiscal year of the Borrower are required to be delivered pursuant to Section 6.1(b) (beginning with the first full fiscal year ended after the Escrow Release Date), the Borrower shall prepay the then outstanding Term B Loans by an amount equal to (A) 50% of Excess Cash Flow of the Borrower and its Restricted Subsidiaries for the most recently completed fiscal year of the Borrower; *provided* that the foregoing percentage shall be reduced to 25% when the Senior Secured Leverage Ratio calculated on a Pro Forma Basis as of the last day of the relevant fiscal year is equal to or less than 1.50:1.00, and 0% when the Senior Secured Leverage Ratio calculated on a Pro Forma Basis as of the last day of the relevant fiscal year is equal to or less than 1.00:1.00 *minus* (B) the principal amount of (1) any Term Loans, and, to the extent *pari passu* with the Term Loans in right of payment and with respect to security, Senior Secured Notes, Incremental Term Loans, Incremental Equivalent Debt, Refinancing Term Loans, Refinancing Notes and Refinancing Indebtedness in the form of term loans and (2) any Revolving Loans, Incremental Revolving Loans and Refinancing Indebtedness in the form of revolving loans (in each case, to the extent accompanied by a permanent reduction of the relevant revolving commitment) voluntarily prepaid pursuant to paragraphs (a) and (b) of this Section 2.8 or purchased by the Borrower or any of its Subsidiaries in cash pursuant to Section 10.10(h) (with the amount of the deduction pursuant to this subclause (B) for Loans purchased pursuant to Section 10.10(h) being limited to the amount of cash paid by the Borrower or any of its Subsidiaries in connection therewith) or voluntarily prepaid or purchased pursuant to the applicable provisions of the documentation governing such Refinancing Indebtedness, Incremental Equivalent Debt, Senior Secured Notes, Refinancing Term Loans or Refinancing Notes, in each case, during such fiscal year on or, at the option of the Borrower, prior to the date of the required prepayment under this Section 2.8(c)(iii) in respect of such fiscal year; *provided* that (x) no such voluntary prepayments or purchases shall reduce the payments required to be made under this Section 2.8(c)(iii) for more than one fiscal year, (y) no such voluntary prepayments or purchases shall reduce the payments required to be made under this Section 2.8(c)(iii) to the extent financed with long-term Indebtedness (other than revolving Indebtedness) and (z) no mandatory prepayment shall be required under this Section 2.8(c)(iii) to the extent the amount calculated hereby does not exceed \$20.0 million. The amount of each such prepayment shall be applied to the outstanding Term B Loans *pro rata* until paid in full. Any payment under this clause (iii) shall be an “*ECF Payment*.”

(iv) [Reserved].

(v) The Borrower shall, on each date the Revolving Credit Commitments are reduced pursuant to Section 2.10, prepay the Revolving Loans and, if necessary after such Revolving Loans have been repaid in full, replace or cause to be cancelled (or provide an L/C Backstop or make other arrangements reasonably satisfactory to the L/C Issuers) outstanding Letters of Credit by the amount, if any, necessary to reduce the sum of the aggregate principal amount of Revolving Loans and L/C Obligations then outstanding to the amount to which the Revolving Credit Commitments have been so reduced. Each prefunding of L/C Obligations that the Borrower chooses to make

to the Administrative Agent as a result of the application of this clause (v) by the deposit of cash or Cash Equivalents with the Administrative Agent shall be made in accordance with Section 7.4.

(vi) (I) Notwithstanding any provision under this Section 2.8(c) to the contrary, (A) any amounts that would otherwise be required to be paid by the Borrower pursuant to Section 2.8(c)(ii) above shall not be required to be so prepaid to the extent any such Disposition is consummated by a Foreign Subsidiary, such Net Cash Proceeds in respect of any Event of Loss are received by a Foreign Subsidiary or such Indebtedness is incurred by a Foreign Subsidiary, for so long as the repatriation to the United States of any such amounts would be prohibited under any Applicable Laws (including any such laws with respect to financial assistance, corporate benefit, thin capitalization, capital maintenance, liquidity maintenance and similar legal principles, restrictions on upstreaming of cash intra group and the fiduciary and statutory duties of the directors of the relevant Subsidiaries) and (B) if the Borrower determines in good faith that the repatriating of any amounts required to mandatorily prepay the Loans pursuant to Section 2.8(c)(ii) above would result in a tax liability that is material to the amount of funds otherwise required to be repatriated (including any withholding tax) (such amount in clauses (A) and (B), a “*Restricted Asset Sale Amount*”), the amount the Borrower shall be required to mandatorily prepay pursuant to Section 2.8(c)(ii) shall be reduced by the Restricted Asset Sale Amount until such time as it may repatriate such Restricted Asset Sale Amount without incurring such tax liability.

(II) Notwithstanding any provision under this Section 2.8(c) to the contrary, for purposes of calculating the amount of the ECF Payment in Section 2.8(c)(iii), “Excess Cash Flow” will be deemed to be reduced by the amount of Excess Cash Flow generated by a Foreign Subsidiary (A) that would be prohibited under any Applicable Laws (including any such laws with respect to financial assistance, corporate benefit, thin capitalization, capital maintenance, liquidity maintenance and similar legal principles, restrictions on upstreaming of cash intra group and the fiduciary and statutory duties of directors of the relevant Subsidiaries) from being repatriated to the United States or (B) that the Borrower determines in good faith would result in a tax liability that is material to the amount of funds otherwise required to be repatriated (including any withholding tax) if repatriated to the United States (the amount of such Foreign Subsidiary Excess Cash Flow in clauses (A) and (B) without duplication, the “*Restricted ECF Amount*”); *provided* that such amounts in clause (A) shall only constitute a Restricted ECF Amount for so long as such repatriation to the United States is prohibited under Applicable Laws, and in clause (B) shall only constitute Restricted ECF Amount for so long as such repatriation would result in such tax liability.

(vii) Notwithstanding the foregoing, each Term B Lender shall have the right to reject its applicable Term Loan Percentage of any mandatory prepayment of the Term Loans pursuant to Section 2.8(c)(i) (other than Refinancing Indebtedness in respect of the Term Loans), (ii) and (iii) above (each such Lender, a “*Rejecting Lender*”); *provided* that any amount rejected by a Rejecting Lender shall be offered on a *pro rata* basis to the Term A-1 Lenders, which they may elect to decline such prepayment, and thereafter any amounts so rejected may be retained by the Borrower (the aggregate amount of such proceeds so rejected as of any date of determination, the “*Declined Proceeds*”).

(vii) Unless the Borrower otherwise directs, prepayments of Revolving Loans under this Section 2.8(c) shall be applied first to Borrowings of Base Rate Loans until payment in full thereof with any balance applied to Borrowings of Eurodollar Loans in the order in which their Interest Periods expire. Each prepayment of Loans under this Section 2.8(c) shall be made by the payment of the principal amount to be prepaid and, in the case of any Term Loans or Eurodollar Loans, accrued interest thereon to the date of prepayment together with any amounts due the Lenders under Section 8.1. Except as otherwise provided in Section 2.8(c)(i), Section 2.8(c)(ii) or Section 2.8(c)(iv), mandatory prepayments of the Term Loans shall be applied to each Class of Term Loans on a *pro rata* basis (other than with respect to prepayments made under Section 2.8(c)(iii)) and applied to the installments thereof as directed by the Borrower, or if not so specified before the date of required payment, in the direct order of maturity other than with respect to that portion of any installment held by a Rejecting Lender.

(ix) [Reserved].

(d) *Defaulting Lenders*. Until such time as the Default Excess (as defined below) with respect to any Defaulting Lender has been reduced to zero, (i) any voluntary prepayment of the Revolving Loans pursuant to Section 2.8(b) shall, if the Borrower so directs at the time of making such voluntary prepayment, be applied to the Revolving Loans of other Lenders as if such Defaulting Lender had no loans outstanding and the Revolving Credit Commitments of such Defaulting Lender were zero and (ii) any mandatory prepayment of the Loans pursuant to Section 2.8(c) shall, if the Borrower so directs at the time of making such mandatory prepayment, be applied to the Loans of other Lenders (but not to the Loans of such Defaulting Lender) as if such Defaulting Lender has funded all defaulted Loans of such Defaulting Lender, it being understood and agreed that the Borrower shall be entitled to retain any portion of any mandatory prepayment of the Loans that is not paid to such Defaulting Lender solely as a result of the operation of the provisions of this clause (d). “*Default Excess*” means, with respect to any Defaulting Lender, the excess, if any, of such Defaulting Lender’s Percentage of the aggregate outstanding principal amount of the applicable Loans of all the applicable Lenders (calculated as if all Defaulting Lenders (including such Defaulting Lender) had funded all of their respective defaulted Loans) over the aggregate outstanding principal amount of the applicable Loans of such Defaulting Lender.

(e) The Administrative Agent will promptly advise each Lender of any notice of prepayment it receives from the Borrower, and in the case of any partial prepayment under Section 2.8(a) hereof, such prepayment shall be applied to the Class of Term Loans and the remaining amortization payments on such Term Loans in the manner specified by the Borrower or, if not so specified on or prior to the date of such optional prepayment, on a *pro rata* basis to all Classes of Term Loans in the direct order of maturity.

**Section 2.9 *Place and Application of Payments***. All payments of principal of and interest on the Loans and the Reimbursement Obligations, and of all other Obligations payable by the Borrower under this Agreement and the other Loan Documents, shall be made by the Borrower to the Administrative Agent by no later than 2:00 p.m. on the due date thereof at the office of the Administrative Agent in New York, New York (or such other location as the Administrative Agent may designate to the Borrower in writing) for the benefit of the Lender or Lenders entitled thereto. Any payments received after such time shall be deemed to have been received by the Administrative Agent on the next Business Day. All such payments shall be made in Dollars, in immediately available funds at the place of payment, in each case without set-off or counterclaim, except as provided in Section 10.7. The Administrative Agent will promptly thereafter cause to be distributed like funds relating to the payment of principal or interest on Loans and on Reimbursement Obligations in which the Lenders have purchased Participating Interests ratably to the Lenders and like funds relating to the payment of any other amount payable to any Lender to such Lender, in each case to be applied in accordance with the terms of this Agreement.

Anything contained herein to the contrary notwithstanding, (x) pursuant to the exercise of remedies under Sections 7.2 and 7.3 hereof or (y) after written instruction by the Required Lenders or Required RC/TLA Lenders, as applicable, after the occurrence and during the continuation of an Event of Default, all payments and collections received in respect of the

Obligations and all proceeds of the Collateral received, in each instance, by the Administrative Agent or any of the Lenders, shall be remitted to the Administrative Agent and distributed as follows:

(a) *first*, to the payment of any outstanding costs and expenses incurred by the Administrative Agent, and any security trustee therefor, in monitoring, verifying, protecting, preserving or enforcing the Liens on the Collateral, in protecting, preserving or enforcing rights under the Loan Documents, and in any event all costs and expenses of a character which the Borrower has agreed to pay the Administrative Agent under Section 10.13 hereof (such funds to be retained by the Administrative Agent for its own account unless it has previously been reimbursed for such costs and expenses by the Lenders, in which event such amounts shall be remitted to the Lenders to reimburse them for payments theretofore made to the Administrative Agent);

(b) *second*, to the payment of any outstanding interest and fees due under the Loan Documents to be allocated *pro rata* in accordance with the aggregate unpaid amounts owing to each holder thereof;

(c) *third*, to the payment of principal on the Term Loans, Revolving Loans, unpaid Reimbursement Obligations (together with amounts to be held by the Administrative Agent as collateral security for any outstanding L/C Obligations pursuant to Section 7.4 hereof (until the Administrative Agent is holding an amount of cash equal to the then outstanding amount of all Letters of Credit, to the extent the same have not been replaced or cancelled or otherwise provided for to the reasonable satisfaction of the L/C Issuers)), and Hedging Liability, the aggregate amount paid to (or held as collateral security for) the Lenders and, in the case of Hedging Liability, their Affiliates, to be allocated *pro rata* in accordance with the aggregate unpaid amounts owing to each holder thereof;

(d) *fourth*, to the payment of all other unpaid Obligations and all other indebtedness, obligations, and liabilities of the Borrower and its Subsidiaries secured by the Collateral Documents (including, without limitation, Funds Transfer Liability, Deposit Account Liability and Data Processing Obligations) to be allocated *pro rata* in accordance with the aggregate unpaid amounts owing to each holder thereof; and

(e) *fifth*, to the Borrower or whoever else may be lawfully entitled thereto.

Notwithstanding the foregoing, no amounts received from any Guarantor shall be applied to any Excluded Swap Obligations of such Guarantor.

**Section 2.10 Commitment Terminations.** The Term B Loan Commitments shall automatically terminate upon the making, conversion or continuance, as applicable, of the Term B Loans on the Closing Date. The

U.S. Term B-1 Commitments and Additional U.S. Term B-1 Commitments shall automatically terminate upon the making, conversion or continuance, as applicable, of the U.S. Term B-1 Loans on the Amendment No. 1 Effective Date. The U.S. Term B-2 Commitments and Additional U.S. Term B-2 Commitments shall automatically terminate upon the making, conversion or continuance, as applicable, of the U.S. Term B-2 Loans on the Amendment No. 3 Effective Date. The U.S. Term B-3 Commitments and Additional U.S. Term B-3 Commitments shall automatically terminate upon the making, conversion or continuance, as applicable, of the U.S. Term B-3 Loans on the Amendment No. 5 Effective Date. The U.S. Term B-4 Commitments and Additional U.S. Term B-4 Commitments shall automatically terminate upon the making, conversion or continuance, as applicable, of the U.S. Term B-4 Loans on the Amendment No. 8 Effective Date. The Term A-1 Loan Commitments, Additional Term A-1 Commitments and Incremental Term A-1 Commitments shall automatically terminate upon the making, conversion or continuance, as applicable, of the Term A-1 Loans, Additional Term A-1 Loans and Incremental Term A-1 Loans on the Amendment No. 7 Effective Date. The Borrower shall have the right at any time and from time to time, upon three (3) Business Days' prior written notice to the Administrative Agent (which notice may be conditioned upon the effectiveness of other credit facilities, indentures or similar agreements or other transactions, in which case such notice may be revoked by the Borrower (by notice to the Administrative Agent on or prior to the specified effective date) if such condition is not satisfied), to terminate the Revolving Credit Commitments in whole or in part, any partial termination to be (i) in an amount not less than \$1.0 million or any greater amount that is an integral multiple of \$0.1 million and (ii) allocated ratably among the Lenders in proportion to their respective Revolver Percentages; *provided* that the Revolving Credit Commitments may not be reduced to an amount less than the sum of the aggregate principal amount of Revolving Loans and of L/C Obligations then outstanding; *provided further* that all Revolving Credit Commitments shall terminate automatically on the Revolving Credit Termination Date. Any termination of the Revolving Credit Commitments below the L/C Sublimit then in effect shall reduce the L/C Sublimit by a like amount. The Administrative Agent shall give prompt notice to each Lender of any such termination (in whole or in part) of the Revolving Credit Commitments. Any termination of the Revolving Credit Commitments pursuant to this Section 2.10 may not be reinstated.

Section 2.11 *[Reserved]*.

Section 2.12 *Evidence of Indebtedness.*

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

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

(c) The entries maintained in the accounts maintained pursuant to clauses (a) and (b) above shall be *prima facie* evidence of the existence and amounts of the Obligations therein recorded; *provided, however*, that the failure of the Administrative Agent or any Lender to

maintain such accounts or any error therein shall not in any manner affect the obligation of the Borrower to repay the Obligations in accordance with their terms.

(d) Any Lender may request that its Loans be evidenced by a promissory note or notes in the forms of Exhibit D-1 (in the case of its Term A-1 Loan and referred to herein as a “*Term A-1 Note*”), Exhibit D-2 (in the case of its U.S. Term B-4 Loan and referred to herein as a “*U.S. Term B-4 Note*”), Exhibit D-4 (in the case of its Revolving Loans and referred to herein as a “*Revolving Note*”), as applicable (the Term A-1 Notes, U.S. Term B-4 Notes and Revolving Notes being hereinafter referred to collectively as the “*Notes*” and individually as a “*Note*”). In such event, the Borrower shall prepare, execute and deliver to such Lender a Note payable to such Lender in the amount of such Lender’s Percentage of the applicable Term Loan or Revolving Credit Commitment, as applicable. Thereafter, the Loans evidenced by such Note or Notes and interest thereon shall at all times (including after any assignment pursuant to Section 10.10) be represented by one (1) or more Notes, except to the extent that any such Lender or assignee subsequently returns any such Note for cancellation and requests that such Loans once again be evidenced as described in subsections (a) and (b) above.

#### Section 2.13 *Fees.*

(a) *Revolving Credit Commitment Fee.* The Borrower shall pay to the Administrative Agent for the ratable account of the Lenders according to their Revolver Percentages a commitment fee at a rate per annum equal to the Applicable Margin (computed on the basis of a year of 360 days and the actual number of days elapsed) on the average daily Unused Revolving Credit Commitments (the “*Commitment Fee*”); *provided, however*, that no Commitment Fee shall accrue to the Unused Revolving Credit Commitment of a Defaulting Lender, or be payable for the benefit of such Lender, so long as such Lender shall be a Defaulting Lender. Such Commitment Fee shall be payable quarterly in arrears on each Fiscal Quarter End Date (commencing on the first such date occurring after the Escrow Release Date).

(b) *Letter of Credit Fees.* Quarterly in arrears, on each Fiscal Quarter End Date, commencing on the first such date occurring after the Escrow Release Date, and on the Revolving Credit Termination Date, the Borrower shall pay to the L/C Issuer for its own account a fronting fee equal to 0.125% of the face amount of (or of the increase in the face amount of) each outstanding Letter of Credit. Quarterly in arrears, on each Fiscal Quarter End Date, commencing on the first such date occurring after the Escrow Release Date, and on the Revolving Credit Termination Date, the Borrower shall pay to the Administrative Agent, for the ratable benefit of the Lenders according to their Revolver Percentages, a letter of credit fee at a rate per annum equal to the Applicable Margin then in effect with respect to Eurodollar Loans under the Revolving Facility (computed on the basis of a year of 360 days and the actual number of days elapsed) during each day of such quarter applied to the daily average face amount of Letters of Credit outstanding during such quarter; *provided* that while any Event of Default under Section 7.1(a) (with respect to the late payment of principal, interest, Reimbursement

Obligations or fees) or Section 7.1(j) or Section 7.1(k) exists or after acceleration (but without duplication of the rate set forth in Section 2.4(e)), such rate with respect to overdue fees shall increase by 2.00% over the rate otherwise payable and such fee shall be paid on demand subject, except in the case of any Event of Default under Section 7.1(j) or (k), to the request of the Administrative Agent at the request or with the consent of the Required Lenders; *provided further* that no letter of credit fee shall accrue to the Revolver Percentage of a Defaulting Lender, or be payable for the benefit of such Lender, so long as such Lender shall be a Defaulting Lender. In addition, the Borrower shall pay to the L/C Issuers for their own account the L/C Issuers' standard drawing, negotiation, amendment, transfer and other administrative fees for each Letter of Credit. Such standard fees referred to in the preceding sentence may be established by the L/C Issuers from time to time.

(c) *Ticking Fees.* The Borrower shall pay the ticking fees pursuant to the Fee Letter.

(d) *Administrative Agent Fees.* The Borrower agrees to pay to the Administrative Agent, for its own account, the administrative fees payable in the amounts and at the times separately agreed upon between the Borrower and the Administrative Agent.

(e) *Fees Generally.* All fees shall be paid on the dates due, in immediately available funds, to the Administrative Agent for distribution, if and as appropriate, among the applicable Lenders, except that the Borrower shall pay the fronting fees directly to the applicable L/C Issuer. Once paid when due and payable, none of the fees shall be refundable under any circumstances.

#### Section 2.14 *Incremental Credit Extensions.*

(a) At any time and from time to time after the Escrow Release Date, subject to the terms and conditions set forth herein, the Borrower may, by notice to the Administrative Agent (whereupon the Administrative Agent shall promptly make such notice available to each of the Lenders), pursuant to an Incremental Amendment ("*Incremental Amendment*") request to effect (i) one (1) or more additional term loan facilities hereunder or increases in the aggregate amount of any Term Facility (each such increase, a "*Term Commitment Increase*") from one (1) or more Additional Term Lenders or (ii) additional revolving credit facilities (each such additional facility, an "*Incremental Revolving Credit Facility*") or increases in the aggregate amount of the Revolving Credit Commitments (each such increase, a "*Revolving Credit Commitment Increase*" and together with any Term Commitment Increase, any Incremental Term Facility and any Incremental Revolving Credit Facility, a "*Commitment Increase*") from Additional Revolving Lenders; *provided* that, unless otherwise provided below, upon the effectiveness of each Incremental Amendment:

(A) except as otherwise agreed by the Additional Lenders providing an Incremental Facility to finance an Acquisition or other investment permitted under this

Agreement, no Default or Event of Default shall have occurred and be continuing or would exist after giving effect thereto,

(B) on the date of the incurrence or effectiveness of such Incremental Facility (in the case of the incurrence or effectiveness of an Incremental Revolving Credit Facility, assuming such Incremental Revolving Credit Facility has been drawn in full), the Borrower shall be in compliance, on a Pro Forma Basis, with the financial covenants set forth in Section 6.22 recomputed as of the last day of the most recently ended fiscal quarter for which financial statements have been or were required to be delivered pursuant to Section 6.1(a) or (b); *provided* that, to the extent incurred in connection with an Acquisition, at the Borrower's election, the Borrower's compliance on a Pro Forma Basis with the financial covenants set forth in Section 6.22 may be determined at the time of the signing of any acquisition agreement with respect thereto or at the time of the closing of such acquisition; *provided, further* that if the Borrower has made the election to measure such compliance on the date of the signing of an acquisition agreement, in connection with the calculation of any ratio with respect to the incurrence of Indebtedness or Liens, or the making of investments, Distributions, Restricted Debt Payments, asset sales, fundamental changes or the designation of an Unrestricted Subsidiary on or following such date and until the earlier of the date on which such Acquisition is consummated or the definitive agreement for such Acquisition is terminated or expired (but not for the purposes of calculating any financial covenant), such ratio shall be calculated on a Pro Forma Basis assuming such Acquisition and any other Specified Transactions in connection therewith (including the incurrence of Indebtedness) have been consummated,

(C) each Incremental Term A Facility shall have a final maturity date no earlier than the Term A-1 Termination Date then in effect,

(D) each Incremental Term B Facility and each other Incremental Term Facility (other than an Incremental Term A Facility) shall have a final maturity date no earlier than the U.S. Term B-4 Termination Date then in effect,

(E) the Weighted Average Life to Maturity of any Incremental Term A Loans shall not be shorter than the Weighted Average Life to Maturity of the Term A-1 Loans then outstanding,

(F) the Weighted Average Life to Maturity of any Incremental Term B Loans and any other Incremental Term Loans (other than Incremental Term A Loans) shall not be shorter than the Weighted Average Life to Maturity of the Term B Loans then outstanding,

(G) any Incremental Revolving Loans will mature no earlier than, and will require no scheduled amortization or mandatory reduction of the commitments related thereto prior to, the Revolving Credit Termination Date then in effect and all other terms of any such Incremental Revolving Credit Facility (except with respect to margin, pricing and fees and as set forth in the foregoing clauses and clause (J) below and other than any terms which are applicable only after the then-existing maturity date with respect to the Revolving Facility) shall be substantially identical to the Revolving Facility or otherwise reasonably acceptable to the Administrative Agent,

(H) the interest rate applicable to any Incremental Facility or Incremental Loans will be determined by the Borrower and the Additional Lenders providing such Incremental Facility or Incremental Loans; *provided* that, in the case of Incremental Term Loans (other than Incremental Term A Loans) or Incremental Term Facilities (other than Incremental Term A Facilities) that are secured *pari passu* in right of payment and with respect to security with any then existing U.S. Term B-4 Loans (the “*Relevant Existing Facility*”), such interest rate will not be more than 0.50% higher than the corresponding interest rate applicable to the Relevant Existing Facility unless the interest rate with respect to the Relevant Existing Facility is adjusted to be equal to the interest rate with respect to the relevant Incremental Term Loans or Incremental Term Facility, *minus 0.50%*; *provided, further*, that in determining the applicable interest rate under this clause (H): (w) original issue discount (“*OID*”) or upfront fees paid in connection with the Relevant Existing Facility or such Incremental Term Facility or Incremental Term Loans (based on a four-year average life to maturity), shall be included, (x) any amendments to or changes in the Applicable Margin with respect to the Relevant Existing Facility that became effective subsequent to the Amendment No. 7 Effective Date but prior to the time of (or concurrently with) the addition of such Incremental Term Facility or Incremental Term Loans shall be included, (y) arrangement, commitment, structuring and underwriting fees and any amendment fees paid or payable to the Joint Lead Arrangers (or their affiliates) in their respective capacities as such in connection with the Relevant Existing Facility or to one or more arrangers (or their affiliates) in their capacities as such applicable to such Incremental Term Facility or Incremental Term Loans shall be excluded and (z) if such Incremental Term Facility or Incremental Term Loans include any interest rate floor greater than that applicable to the Relevant Existing Facility, and such floor is applicable to the Relevant Existing Facility on the date of determination, such excess amount shall be equated to interest margin for determining the increase,

(I) all Incremental Facilities shall rank *pari passu* or junior in right of payment and right of security in respect of the Collateral (if any) with the Term Loans and the Revolving Loans or may be unsecured; *provided* that to the extent any such Incremental Facilities are subordinated in right of payment or right of security, or *pari passu* in right of security and subject to separate documentation, they shall be subject to intercreditor arrangements reasonably satisfactory to the Administrative Agent,

(J) no Incremental Facility shall be guaranteed by any Person which is not a Loan Party,

(K) any mandatory prepayment (other than scheduled amortization payments) of Incremental Term Loans that are *pari passu* in right of payment with any then-existing Term Loans shall be made on a *pro rata* basis with such then-existing Term Loans (and all other then-existing Incremental Term Loans requiring ratable prepayment), except that the Borrower and the Additional Lenders in respect of such Incremental Term Loans shall be permitted, in their sole discretion, to elect to prepay or receive, as applicable, any prepayments on a less than *pro rata* basis (but not on a greater than *pro rata* basis),

(L) the Borrower shall have delivered to the Administrative Agent a certificate of a financial officer certifying to the effect set forth in subclauses (A) and (B) above, together with reasonably detailed calculations demonstrating compliance with subclause (B) above (which calculations shall, if made as of the last day of any fiscal quarter of the Borrower for which the Borrower has not delivered to the Administrative Agent the financial statements and Compliance Certificate required to be delivered by Section 6.1(e), be accompanied by a reasonably detailed calculation of Consolidated Adjusted EBITDA and Interest Expense for the relevant period),

(M) all fees or other payments owing pursuant to Section 10.13 or as otherwise agreed in writing in respect of such Commitment Increase to the Administrative Agent and the Additional Lenders shall have been paid, and

(N) the other terms and conditions (excluding those referenced in clauses (A) through (M)) of such Incremental Facility shall be substantially identical to, or (taken as a whole) not materially more favorable (as reasonably determined by the Borrower) to the lenders providing such Incremental Facility than those applicable to the Term Loans (except for covenants or other provisions applicable only to periods after the latest final maturity date other than existing Term Loans or Commitments); *provided* that to the extent the terms of any Incremental Term Loans are not substantially identical to the terms applicable to the relevant Term Facility (except with respect to pricing and fees and to the extent permitted by the foregoing clauses above and other than any terms which are applicable only after the then-existing maturity date with respect to the relevant Term Facility), such terms shall be reasonably satisfactory to the Administrative Agent.

(b) Notwithstanding anything to contrary herein, the aggregate principal amount of all Commitment Increases incurred after the Amendment No. 7 Effective Date shall not exceed (i) (A) during a Secured Covenants Period, \$1,500.0 million (*less* the aggregate principal amount of Incremental Equivalent Debt incurred pursuant to Section 6.14(I)(u) in reliance on this clause (i) of the Incremental Cap) or (B) during an Unsecured Covenants Period, \$2,000.0 million (the applicable amount under this clause (i), the “*Fixed Dollar Incremental Amount*”), *plus* (ii) during

any Secured Covenants Period, an unlimited amount so long as in the case of this clause (ii), the Senior Secured Leverage Ratio does not exceed 2.50:1.00, determined on a Pro Forma Basis after giving effect to such Commitment Increase assuming (x) that all such Indebtedness is secured even if not so secured and (y) in the case of an Incremental Revolving Credit Facility, such Incremental Revolving Credit Facility has been drawn in full and any related transaction as of the last day of the most recently ended period of four consecutive fiscal quarters for which financial statements have been or were required to be delivered pursuant to Section 6.1(a) or (b) (such amount under this clause (ii), the “*Ratio-Based Incremental Amount*”); *provided* that, to the extent incurred in connection with an Acquisition, at the Borrower’s election, the Borrower’s compliance on a Pro Forma Basis with the Senior Secured Leverage Ratio under this clause (ii) may be determined at the time of the signing of any acquisition agreement with respect thereto or at the time of the closing of such acquisition; *provided, further* that if the Borrower has made the election to measure such compliance on the date of the signing of an acquisition agreement, in connection with the calculation of any ratio with respect to the incurrence of Indebtedness or Liens, or the making of investments, Distributions, Restricted Debt Payments, asset sales, fundamental changes or the designation of an Unrestricted Subsidiary on or following such date and until the earlier of the date on which such Acquisition is consummated or the definitive agreement for such Acquisition is terminated or expires (but not for the purposes of calculating any financial covenant), such ratio shall be calculated on a Pro Forma Basis assuming such Acquisition and any other Specified Transactions in connection therewith (including the incurrence of Indebtedness) have been consummated; *provided, further* that (x) any Incremental Facility may be incurred under either clause (i) or clause (ii) as selected by the Borrower in its sole discretion, including by designating any portion of any Incremental Facility in excess of an amount permitted to be incurred under clause (ii) at the time of such incurrence as incurred under clause (i), and unless the Borrower otherwise elects, any portion of any Commitment Increase that could be established in reliance on this clause (ii) at the time of incurrence shall be deemed to have been incurred in reliance on the Ratio-Based Incremental Amount without reducing the Fixed Dollar Incremental Amount (the total aggregate amount described under clauses (i) and (ii) hereof, the “*Incremental Cap*”), (y) the Borrower may redesignate any Incremental Facility originally designated as incurred under clause (i) as having been incurred under clause (ii), so long as at the time of such redesignation, the Borrower would be permitted to incur such Incremental Facility under clause (ii) and (z) upon and following any Secured Covenant Reinstatement Event, the full amount of the Fixed Dollar Incremental Amount may be incurred without reduction for the aggregate principal amount of any Incremental Facilities incurred under the Fixed Dollar Incremental Amount prior to such Secured Covenant Reinstatement Event. Each Commitment Increase shall be in a minimum principal amount of \$50.0 million and integral multiples of \$1.0 million in excess thereof; *provided* that such amount may be less than \$50.0 million if such amount represents all the remaining availability under the aggregate principal amount of Commitment Increases set forth above. No Lender shall be obligated to provide any Commitment Increase unless it so agrees.

(c) Each notice from the Borrower pursuant to this Section 2.14 shall set forth the requested amount of the relevant Commitment Increase.

(d) Upon the implementation of any Incremental Revolving Credit Facility or Revolving Credit Commitment Increase pursuant to this Section 2.14:

(i) with respect to any Revolving Credit Commitment Increase, (A) each Revolving Lender immediately prior to such increase will automatically and without further act be deemed to have assigned to each relevant Additional Revolving Lender, and each relevant Additional Revolving Lender will automatically and without further act be deemed to have assumed a portion of such Revolving Lender's Participating Interests such that, after giving effect to each deemed assignment and assumption of participations, all of the Revolving Lenders' (including each Additional Revolving Lender's) Participating Interests shall be held on a *pro rata* basis on the basis of their Revolver Percentage (after giving effect to any Revolving Credit Commitment Increase) and (B) the existing Revolving Lenders of the applicable Class shall assign Revolving Loans to certain other Revolving Lenders of such Class (including the Additional Revolving Lenders providing the relevant Revolving Credit Commitment Increase), and such other Revolving Lenders (including the Additional Revolving Lenders providing the relevant Revolving Credit Commitment Increase) shall purchase such Revolving Loans, in each case to the extent necessary so that all of the Revolving Lenders of such Class participate in each outstanding Borrowing of Revolving Loans of such Class *pro rata* on the basis of their Revolver Percentage (after giving effect to any Revolving Credit Commitment Increase); it being understood and agreed that the minimum borrowing, *pro rata* borrowing and *pro rata* payment requirements contained elsewhere in this Agreement shall not apply to the transactions effected pursuant to the immediately preceding sentence; and

(ii) with respect to any Incremental Revolving Credit Facility, (A) the borrowing and repayment (except for (x) payments of interest and fees at different rates on the existing Revolving Facilities and such Incremental Revolving Credit Facility, (y) repayments required upon the maturity date of the then-existing Revolving Facility and such Incremental Revolving Credit Facility and (z) repayments made in connection with any permanent repayment and termination of commitments (subject to clause (C) below)) of Incremental Revolving Loans after the effective date of such Incremental Revolving Credit Facility shall be made on a *pro rata* basis with the then-existing Revolving Facility and any other then outstanding Incremental Revolving Credit Facility, (B) all letters of credit made or issued, as applicable, under such Incremental Revolving Credit Facility shall be participated in on a *pro rata* basis by all Revolving Lenders under such Incremental Revolving Credit Facility and (C) the permanent repayment of Loans with respect to, and termination of commitments under, such Incremental Revolving Credit Facility shall be made on a *pro rata* basis with the then-existing Revolving Facility and

any other then-outstanding Incremental Revolving Credit Facility, except that the Borrower shall be permitted to permanently repay and terminate commitments under any revolving facility on a greater than *pro rata* basis as compared with any other revolving facility with a later maturity date than such revolving facility.

(e) Effective on the date of each Incremental Revolving Credit Facility the maximum amount of Letter of Credit Usage permitted hereunder shall increase by an amount, if any, agreed upon by the Administrative Agent, the L/C Issuers and the Borrower; *provided* that the Letter of Credit Usage shall not exceed the Revolving Credit Commitment after giving effect to the Incremental Revolving Credit Facility.

(f) An Incremental Amendment may, subject to Section 2.14(a), without the consent of any other Lenders, effect such amendments to this Agreement and the other Loan Documents as may be necessary, in the reasonable opinion of the Administrative Agent and the Borrower, to effect the provisions of this Section 2.14 (including, in connection with a Revolving Credit Commitment Increase, to reallocate Revolving Exposure on a *pro rata* basis among the relevant Revolving Lenders).

#### Section 2.15 *Extensions of Term Loans and Revolving Credit Commitments.*

(a) Notwithstanding anything to the contrary in this Agreement, pursuant to one (1) or more offers (each, an “*Extension Offer*”) made from time to time by the Borrower after the Escrow Release Date to all Lenders holding Term A-1 Loans or U.S. Term B-4 Loans, as applicable, with a like maturity date or Revolving Credit Commitments with a like maturity date, in each case on a *pro rata* basis (based on the aggregate outstanding principal amount of the respective Term Loans or Revolving Credit Commitments with a like maturity date, as the case may be) and on the same terms to each such Lender, the Borrower is hereby permitted to consummate from time to time transactions with individual Lenders that accept the terms contained in such Extension Offers to extend the maturity date of all or a portion of each such Lender’s Term Loans and/or Revolving Credit Commitments and otherwise modify the terms of such Term Loans and/or Revolving Credit Commitments pursuant to the terms of the relevant Extension Offer (including by increasing the interest rate or fees payable in respect of such Term Loans and/or Revolving Credit Commitments (and related outstandings) and/or modifying the amortization schedule in respect of such Term Loans) (each, an “*Extension*,” and each group of Term Loans or Revolving Credit Commitments, as applicable, in each case as so extended, as well as the original Term Loans and the original Revolving Credit Commitments (in each case not so extended), being a “*tranche*”; any Extended Term Loans shall constitute a separate tranche of Term Loans from the tranche of Term Loans from which they were converted and any Extended Revolving Credit Commitments shall constitute a separate tranche of Revolving Credit Commitments from the tranche of Revolving Credit Commitments from which they were converted), so long as the following terms are satisfied:

(i) no Default or Event of Default shall have occurred and be continuing at the time the offering document in respect of an Extension Offer is delivered to the Lenders;

(ii) except as to interest rates, fees and final maturity (which shall be determined by the Borrower and set forth in the relevant Extension Offer), the Revolving Credit Commitment of any Lender that agrees to an extension with respect to such Revolving Credit Commitment extended pursuant to an Extension (an “*Extended Revolving Credit Commitment*”; and the Loans thereunder, “*Extended Revolving Loans*”), and the related outstandings, shall be a Revolving Credit Commitment (or related outstandings, as the case may be) with the same terms (or terms not less favorable to existing Lenders) as the original Revolving Credit Commitments (and related outstandings); *provided* that (x) subject to the provisions of Section 2.3(k) to the extent dealing with Letters of Credit which mature or expire after a maturity date when there exist Extended Revolving Credit Commitments with a longer maturity date, all Letters of Credit shall be participated in on a *pro rata* basis by all Lenders with Extended Revolving Credit Commitments in accordance with their Revolver Percentages (and except as provided in Section 2.3(k), without giving effect to changes thereto on an earlier maturity date with respect to Letters of Credit theretofore incurred or issued), (y) all borrowings and repayments (except for (A) payments of interest and fees at different rates on Extended Revolving Credit Commitments (and related outstandings), (B) repayments required upon the maturity date of the non-extending Revolving Credit Commitments and (C) repayments made in connection with a permanent repayment and reduction or termination of commitments) of Extended Revolving Loans after the applicable Extension date shall be made on a *pro rata* basis with all other Revolving Credit Commitments and (z) at no time shall there be Revolving Credit Commitments hereunder (including Extended Revolving Credit Commitments, any commitments with respect to any Incremental Revolving Credit Facility and any original Revolving Credit Commitments) that have more than three (3) different maturity dates;

(iii) except as to interest rates, fees, amortization, final maturity date, premium, required prepayment dates and participation in prepayments (which shall, subject to immediately succeeding clauses (iv), (v) and (vi), be determined by the Borrower and set forth in the relevant Extension Offer), the Term Loans of any Lender that agrees to an extension with respect to such Term Loans extended pursuant to any Extension (any such extended Term Loans, “*Extended Term Loans*”) shall have the same terms as the tranche of Term Loans subject to such Extension Offer until the maturity of such Term Loans;

(iv) (A) the final maturity date of any Extended Term A Loans shall be no earlier than the Term A-1 Termination Date and (B) the final maturity date of any Extended Term B Loans shall be no earlier than the Term B Termination Date;

(v) (A) the Weighted Average Life to Maturity of any Extended Term A Loans shall be no shorter than the remaining Weighted Average Life to Maturity of the Term A-1 Loans extended thereby and (B) the Weighted Average Life to Maturity of any Extended Term B Loans shall be no shorter than the remaining Weighted Average Life to Maturity of the Term B Loans extended thereby;

(vi) any Extended Term Loans may participate on a *pro rata* basis or a less than *pro rata* basis (but not greater than a *pro rata* basis) in any voluntary or mandatory repayments or prepayments in respect of the applicable Term Facility, in each case as specified in the respective Extension Offer;

(vii) if the aggregate principal amount of Term Loans (calculated on the face amount thereof) or Revolving Credit Commitments, as the case may be, in respect of which Lenders shall have accepted the relevant Extension Offer shall exceed the maximum aggregate principal amount of Term Loans or Revolving Credit Commitments, as the case may be, offered to be extended by the Borrower pursuant to such Extension Offer, then the Term Loans or Revolving Loans, as the case may be, of such Lenders shall be extended ratably up to such maximum amount based on the respective principal amounts (but not to exceed actual holdings of record) with respect to which such Lenders have accepted such Extension Offer;

(viii) the Extensions shall be in a minimum amount of \$50.0 million;

(ix) any applicable Minimum Extension Condition shall be satisfied or waived by the Borrower; and

(x) all documentation in respect of such Extension shall be consistent with the foregoing.

(b) With respect to all Extensions consummated by the Borrower pursuant to this Section 2.15, (i) such Extensions shall not constitute voluntary or mandatory payments or prepayments or commitment reductions for purposes of Section 2.8, 2.9, 2.10 or 2.12, (ii) the amortization schedules (insofar as such schedule affects payments due to Lenders participating in the relevant Facility) set forth in Section 2.7 shall be adjusted to give effect to the Extension of the relevant Facility and (iii) except as required by clause (a)(viii) above, no Extension Offer is required to be in any minimum amount or any minimum increment; *provided* that the Borrower may at its election specify as a condition (a "*Minimum Extension Condition*") to consummating any such Extension that a minimum amount (to be determined and specified in the relevant Extension Offer in the Borrower's sole discretion and which may be waived by the Borrower) of Term Loans or Revolving Credit Commitments (as applicable) of any or all applicable tranches to be tendered. The Administrative Agent and the Lenders hereby consent to the transactions contemplated by this Section 2.15 (including, for the avoidance of doubt, payment of any

interest, fees or premium in respect of any Extended Term Loans and/or Extended Revolving Credit Commitments on such terms as may be set forth in the relevant Extension Offer) and hereby waive the requirements of any provision of this Agreement (including Section 2.8, 2.9, 2.10 or 2.12) or any other Loan Document that may otherwise prohibit any such Extension or any other transaction contemplated by this Section 2.15.

(c) No consent of any Lender or the Administrative Agent shall be required to effectuate any Extension, other than (A) the consent of each Lender agreeing to such Extension with respect to one (1) or more of its Term Loans and/or Revolving Credit Commitments (or a portion thereof) and (B) with respect to any Extension of the Revolving Credit Commitments (or a portion thereof), the consent of the L/C Issuers, which consent shall not be unreasonably withheld or delayed. All Extended Term Loans and Extended Revolving Credit Commitments and all obligations in respect thereof shall be Obligations under this Agreement and the other Loan Documents that are secured by the Collateral and guaranteed on a *pari passu* basis with all other applicable Obligations under this Agreement and the other Loan Documents. The Lenders hereby irrevocably authorize the Administrative Agent to enter into amendments to this Agreement and the other Loan Documents with the Borrower as may be necessary in order to establish new tranches or sub-tranches in respect of Revolving Credit Commitments or Term Loans so extended and such technical amendments as may be necessary or appropriate in the reasonable opinion of the Administrative Agent and the Borrower in connection with the establishment of such new tranches or sub-tranches, in each case on terms consistent with this Section 2.15. In addition, if so provided in such amendment and with the consent of the L/C Issuers, participants in Letters of Credit expiring on or after the latest maturity date (but in no event later than the date that is five (5) Business Days prior to the Final Revolving Termination Date) in respect of the Revolving Credit Commitments shall be re-allocated from Lenders holding non-extended Revolving Credit Commitments to Lenders holding Extended Revolving Credit Commitments in accordance with the terms of such amendment; *provided, however*, that such participation interests shall, upon receipt thereof by the relevant Lenders holding Revolving Credit Commitments, be deemed to be participation interests in respect of such Revolving Credit Commitments and the terms of such participation interests (including, without limitation, the commission applicable thereto) shall be adjusted accordingly. Without limiting the foregoing, in connection with any Extensions the respective Loan Parties shall (at their expense) amend (and the Administrative Agent is hereby directed to amend) any mortgage entered into in accordance with Section 4.2 that has a maturity date prior to the later of the Final Maturity Date and the Final Revolving Termination Date so that such maturity date is extended to the later of the Final Maturity Date and the Final Revolving Termination Date (or such later date as may be advised by local counsel to the Administrative Agent).

(d) In connection with any Extension, the Borrower shall provide the Administrative Agent at least ten (10) Business Days' (or such shorter period as may be agreed by the Administrative Agent) prior written notice thereof, and shall agree to such procedures (including regarding timing, rounding and other adjustments and to ensure reasonable administrative

management of the credit facilities hereunder after such Extension), if any, as may be established by, or acceptable to, the Administrative Agent, in each case acting reasonably to accomplish the purposes of this Section 2.15.

#### Section 2.16 *Refinancing Facilities.*

(a) Notwithstanding anything to the contrary in this Agreement, the Borrower may by written notice to the Administrative Agent establish one or more additional tranches of term loans under this Agreement (such loans, "*Refinancing Term Loans*"), all Net Cash Proceeds of which are used to refinance in whole or in part any Class of Term Loans pursuant to Section 2.8(c)(i). Each such notice shall specify the date (each, a "*Refinancing Effective Date*") on which the Borrower proposes that the Refinancing Term Loans shall be made, which shall be a date not earlier than five (5) Business Days after the date on which such notice is delivered to the Administrative Agent (or such shorter period agreed to by the Administrative Agent in its sole discretion); *provided* that:

(i) before and after giving effect to the borrowing of such Refinancing Term Loans on the Refinancing Effective Date each of the conditions set forth in Section 3.1 shall be satisfied;

(ii) the final maturity date of the Refinancing Term Loans shall be no earlier than the maturity date of the refinanced Term Loans;

(iii) the Weighted Average Life to Maturity of such Refinancing Term Loans shall be no shorter than the then-remaining Weighted Average Life to Maturity of the refinanced Term Loans;

(iv) the aggregate principal amount of the Refinancing Term Loans shall not exceed the outstanding principal amount of the refinanced Term Loans *plus* amounts used to pay fees, premiums, costs and expenses (including original issue discount) and accrued interest associated therewith;

(v) all other terms applicable to such Refinancing Term Loans (other than provisions relating to original issue discount, upfront fees, interest rates and any other pricing terms (which original issue discount, upfront fees, interest rates and other pricing terms shall not be subject to the provisions set forth in Section 2.14(a)(H)) and optional prepayment or mandatory prepayment or redemption terms, which shall be as agreed between the Borrower and the Lenders providing such Refinancing Term Loans) shall be substantially similar to, or no less favorable to the Borrower and its Subsidiaries, when taken as a whole, than (as reasonably determined by the Borrower), the terms, taken as a whole, applicable to the Term Loans being refinanced (except to the extent such covenants and other terms apply solely to any period after the latest maturity date applicable to the Term Loans being refinanced unless less favorable terms are added for the benefit of the existing Lenders); *provided* that

a certificate of a Responsible Officer of the Borrower delivered to the Administrative Agent for posting to the Lenders at least five (5) Business Days prior to the incurrence of such Refinancing Term Loans, together with a reasonably detailed description of the material terms and conditions of such Indebtedness or drafts of the documentation relating thereto, stating that the Borrower has determined in good faith that such terms and conditions satisfy the requirements in this clause (v) shall be conclusive evidence that such terms and conditions satisfy the requirements in this clause (v) unless the Required Lenders through the Administrative Agent notify the Borrower within such five (5) Business Day period that they disagree with such determination (including a reasonable description of the basis upon which they disagree);

(vi) with respect to Refinancing Term Loans secured by Liens on the Collateral that rank *pari passu* or junior in right of security to the Term Loans, such Liens will be subject to a customary intercreditor agreement;

(vii) there shall be no borrower (other than the Borrower) and no guarantors (other than the Guarantors) in respect of such Refinancing Term Loans; and

(viii) Refinancing Term Loans shall not be secured by any assets of the Borrower and its Subsidiaries other than the Collateral.

(b) The Borrower may approach any Lender or any other person that would be an Eligible Assignee to provide all or a portion of the Refinancing Term Loans; *provided* that any Lender offered or approached to provide all or a portion of the Refinancing Term Loans may elect or decline, in its sole discretion, to provide a Refinancing Term Loan. Any Refinancing Term Loans made on any Refinancing Effective Date shall be designated an additional Class of Term Loans for all purposes of this Agreement; *provided, further*, that any Refinancing Term Loans may, to the extent provided in the applicable Refinancing Amendment governing such Refinancing Term Loans, be designated as an increase in any previously established Class of Term Loans made to the Borrower.

(c) Notwithstanding anything to the contrary in this Agreement, the Borrower may by written notice to the Administrative Agent establish one or more additional Facilities (“*Replacement Revolving Facilities*”) providing for revolving commitments (“*Replacement Revolving Credit Commitments*” and the revolving loans thereunder, “*Replacement Revolving Loans*”), which replace in whole or in part any Class of Revolving Credit Commitments under this Agreement. Each such notice shall specify the date (each, a “*Replacement Revolving Facility Effective Date*”) on which the Borrower proposes that the Replacement Revolving Credit Commitments shall become effective, which shall be a date not less than five (5) Business Days after the date on which such notice is delivered to the Administrative Agent (or such shorter period agreed to by the Administrative Agent in its reasonable discretion); *provided* that:

(i) before and after giving effect to the establishment of such Replacement Revolving Credit Commitments on the Replacement Revolving Facility Effective Date, each of the conditions set forth in Section 3.1 shall be satisfied;

(ii) after giving effect to the establishment of any Replacement Revolving Credit Commitments and any concurrent reduction in the aggregate amount of any other Revolving Credit Commitments, the aggregate amount of Revolving Credit Commitments shall not exceed the aggregate amount of the Revolving Credit Commitments outstanding immediately prior to the applicable Replacement Revolving Facility Effective Date *plus* amounts used to pay fees, premiums, costs and expenses (including original issue discount) and accrued interest associated therewith;

(iii) no Replacement Revolving Credit Commitments shall have a final maturity date (or require commitment reductions or amortizations) prior to the Revolving Credit Termination Date for the Revolving Credit Commitments being replaced;

(iv) all other terms applicable to such Replacement Revolving Facility (other than provisions relating to (x) fees, interest rates and other pricing terms and prepayment and commitment reduction and optional redemption terms which shall be as agreed between the Borrower and the Lenders providing such Replacement Revolving Credit Commitments and (y) the amount of any letter of credit sublimit and swingline commitment under such Replacement Revolving Facility, which shall be as agreed between the Borrower, the Lenders providing such Replacement Revolving Credit Commitments, the Administrative Agent and the replacement issuing bank and replacement swingline lender, if any, under such Replacement Revolving Credit Commitments), when taken as a whole, shall be substantially similar to, or no less favorable to the Borrower and its Subsidiaries than (as reasonably determined by the Borrower), those, taken as a whole, applicable to the Revolving Credit Commitments so replaced (except to the extent such covenants and other terms apply solely to any period after the latest Revolving Credit Termination Date in effect at the time of incurrence or added for the benefit of the existing Lenders); *provided* that a certificate of a Responsible Officer of the Borrower delivered to the Administrative Agent for posting to the Lenders at least five (5) Business Days prior to the incurrence of such Replacement Revolving Credit Commitments, together with a reasonably detailed description of the material terms and conditions of such Replacement Revolving Credit Commitments or drafts of the documentation relating thereto, stating that the Borrower has determined in good faith that such terms and conditions satisfy the requirements in this clause (iv) shall be conclusive evidence that such terms and conditions satisfy the requirements in this clause (iv) unless the Required Lenders through the Administrative Agent notify the Borrower within such five (5) Business Day period that they disagree with such determination (including a reasonable description of the basis upon which they disagree);

(v) there shall be no borrower (other than the Borrower) and no guarantors (other than the Guarantors) in respect of such Replacement Revolving Facility;

(vi) Replacement Revolving Credit Commitments and extensions of credit thereunder shall not be secured by any asset of the Borrower and its Subsidiaries other than the Collateral; and

(vii) if such Replacement Revolving Facility is secured by Liens on the Collateral that rank *pari passu* or junior in right of security to the Revolving Loans, such Liens will be subject to a customary intercreditor agreement.

(d) In addition, the Borrower may establish Replacement Revolving Credit Commitments to refinance and/or replace all or any portion of a Term Loan hereunder (regardless of whether such Term Loan is repaid with the proceeds of Replacement Revolving Loans or otherwise), so long as the aggregate amount of such Replacement Revolving Credit Commitments does not exceed the aggregate amount of Term Loans repaid at the time of establishment thereof *plus* amounts used to pay fees, premiums, costs and expenses (including original issue discount) and accrued interest associated therewith (it being understood that such Replacement Revolving Credit Commitment may be provided by the Lenders holding the Term Loans being repaid and/or by any other person that would be a permitted assignee hereunder) so long as (i) before and after giving effect to the establishment such Replacement Revolving Credit Commitments on the Replacement Revolving Facility Effective Date each of the conditions set forth in Section 3.1 shall be satisfied to the extent required by the relevant agreement governing such Replacement Revolving Credit Commitments, (ii) the remaining life to termination of such Replacement Revolving Credit Commitments shall be no shorter than the Weighted Average Life to Maturity then applicable to the refinanced Term Loans, (iii) the final termination date of the Replacement Revolving Credit Commitments shall be no earlier than the termination date of the refinanced Term Loans, (iv) with respect to Replacement Revolving Loans secured by Liens on Collateral that rank *pari passu* or junior in right of security to the Revolving Loans, such Liens will be subject to a customary intercreditor agreement, (v) there shall be no borrower (other than the Borrower) and no guarantors (other than the Guarantors) in respect of such Replacement Revolving Facility; and (vi) all other terms applicable to such Replacement Revolving Facility (other than provisions relating to (x) fees, interest rates and other pricing terms and prepayment and commitment reduction and optional redemption terms which shall be as agreed between the Borrower and the Lenders providing such Replacement Revolving Credit Commitments and (y) the amount of any letter of credit sublimit and swingline commitment under such Replacement Revolving Facility, which shall be as agreed between the Borrower, the Lenders providing such Replacement Revolving Credit Commitments, the Administrative Agent and the replacement issuing bank and replacement swingline lender, if any, under such Replacement Revolving Credit Commitments), when taken as a whole, shall be substantially similar to, or no more restrictive to the Borrower and its Subsidiaries than (as reasonably determined by the Borrower), those applicable to the Term Loans being refinanced (except to the extent such covenants and other terms apply solely to any period after the latest maturity date

applicable to the Term Loans being refinanced or are added for the benefit of the Lenders). Solely to the extent that an L/C Issuer is not a replacement issuing bank under a Replacement Revolving Facility, it is understood and agreed that such L/C Issuer shall not be required to issue any letters of credit under such Replacement Revolving Facility and, to the extent it is necessary for such L/C Issuer to withdraw as an L/C Issuer at the time of the establishment of such Replacement Revolving Facility, such withdrawal shall be on terms and conditions reasonably satisfactory to such L/C Issuer in its sole discretion. The Borrower agrees to reimburse each L/C Issuer in full upon demand, for any reasonable and documented out-of-pocket cost or expense attributable to such withdrawal.

(e) The Borrower may approach any Lender or any other person that would be an Eligible Assignee of a Revolving Credit Commitment to provide all or a portion of the Replacement Revolving Credit Commitments; *provided* that any Lender offered or approached to provide all or a portion of the Replacement Revolving Credit Commitments may elect or decline, in its sole discretion, to provide a Replacement Revolving Credit Commitment. Any Replacement Revolving Credit Commitment made on any Replacement Revolving Facility Effective Date shall be designated an additional Class of Revolving Credit Commitments for all purposes of this Agreement; *provided* that any Replacement Revolving Credit Commitments may, to the extent provided in the applicable Refinancing Amendment, be designated as an increase in any previously established Class of Revolving Credit Commitments.

(f) The Borrower and each Lender providing the applicable Refinancing Term Loans and/or Replacement Revolving Credit Commitments (as applicable) shall execute and deliver to the Administrative Agent an amendment to this Agreement (a "*Refinancing Amendment*") and such other documentation as the Administrative Agent shall reasonably specify to evidence such Refinancing Term Loans and/or Replacement Revolving Credit Commitments (as applicable). For purposes of this Agreement and the other Loan Documents, (A) if a Lender is providing a Refinancing Term Loan, such Lender will be deemed to have a Term Loan having the terms of such Refinancing Term Loan and (B) if a Lender is providing a Replacement Revolving Credit Commitment, such Lender will be deemed to have a Revolving Credit Commitment having the terms of such Replacement Revolving Credit Commitment. Notwithstanding anything to the contrary set forth in this Agreement or any other Loan Document (including without limitation this Section 2.16), (i) no Refinancing Term Loan or Replacement Revolving Credit Commitment is required to be in any minimum amount or any minimum increment, (ii) there shall be no condition to any incurrence of any Refinancing Term Loan or Replacement Revolving Credit Commitment at any time or from time to time other than those set forth in clauses (a) or (c) above, as applicable, and (iii) all Refinancing Term Loans, Replacement Revolving Credit Commitments and all obligations in respect thereof shall be Obligations under this Agreement and the other Loan Documents that rank equally and ratably in right of security with the Term Loans and other Obligations (other than Incremental Term Loans and Refinancing Term Loans that rank junior in right of security with the Term Loans, and except to the extent any such Refinancing Term Loans are secured by the Collateral on a junior lien basis in accordance with the provisions above).

Section 2.17 *Escrow of Loan Proceeds.*

(a) On the Closing Date, the Borrower shall enter into the Escrow Agreement, pursuant to which the Borrower will deposit, or will cause to be deposited, the proceeds of the Term B Loans into the Escrow Account. The Borrower shall grant the Collateral Agent, for the benefit of the Secured Parties, a first priority security interest in the Escrow Account Funds.

(b) The funds held in the Escrow Account will be (i) released to the Borrower or such other Person as the Borrower directs, in accordance with the Escrow Agreement, upon delivery by the Borrower to the Escrow Agent and the Administrative Agent of a certificate of a Responsible Officer certifying that, prior to or substantially concurrently with the release of funds from the Escrow Account, the Escrow Release Conditions have been satisfied or (ii) [reserved].

(c) Promptly following the release of the funds held in the Escrow Account pursuant to Section 2.17(b)(i) hereof, all fees and expenses required to be paid hereunder in connection with the occurrence of the Closing Date and the Escrow Release Date, to the extent invoiced in reasonable detail at least three (3) Business Days before the Closing Date (except as otherwise reasonably agreed to by the Borrower), shall be paid in full from the funds in the Escrow Account.

Section 2.18 *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 for such Defaulting Lender pursuant to Section 2.13.

(b) The Commitments, Loans and Revolving Exposure of such Defaulting Lender shall not be included in determining whether the Required Lenders, Required RC Lenders or Required RC/TLA Lenders have taken or may take any action hereunder (including any consent to any amendment, waiver or other modification pursuant to Section 10.11); *provided* that this Section 2.18(b) shall not apply to the vote of a Defaulting Lender in the case of an amendment, waiver or other modification effecting (i) an increase or extension of such Defaulting Lender's Revolving Credit Commitment or (ii) the reduction or excuse of principal amount of, or interest or fees payable on, such Defaulting Lender's Loans or the postponement of the scheduled date of payment of such principal amount, interest or fees to such Defaulting Lender.

(c) If any Letters of Credit exist at the time such Lender becomes a Defaulting Lender then:

(i) Such Defaulting Lender's L/C Exposure shall be reallocated among the non-Defaulting Lenders in accordance with their respective Revolver Percentages (but excluding the Revolving Credit Commitments of all the Defaulting Lenders from both the

numerator and the denominator) but only to the extent (x) the sum of all the Revolving Exposure owed to all non-Defaulting Lenders does not exceed the total of all non-Defaulting Lenders' unused Revolving Credit Commitments, (y) the representations and warranties of each Loan Party set forth in the Loan Documents to which it is a party are true and correct at such time, except to the extent that any such representation and warranty relates to an earlier date (in which case such representation and warranty shall be true and correct as of such earlier date), and (z) no Default shall have occurred and be continuing at such time;

(ii) If the reallocation described in clause (i) above cannot, or can only partially, be effected, the Borrower shall, within two Business Days following notice by the Administrative Agent, cash collateralize for the benefit of relevant L/C Issuers such Defaulting Lender's L/C Exposure (after giving effect to any partial reallocation pursuant to clause (i) above) for so long as any Letters of Credit are outstanding;

(iii) If the Borrower cash collateralizes any portion of such Defaulting Lender's L/C Exposure pursuant clause (ii) above, the Borrower shall not be required to pay any fees to such Defaulting Lender pursuant to Section 2.13(b) with respect to such Defaulting Lender's L/C Exposure during the period such Defaulting Lender's L/C Exposure is cash collateralized by the Borrower;

(iv) If L/C Exposures of the non-Defaulting Lenders are reallocated pursuant to clause (i) above, then the fees payable to the Revolving Lenders pursuant to Section 2.13(a) and Section 2.13(b) shall be adjusted to reflect such non-Defaulting Lenders' L/C Exposure as reallocated; and

(v) If any Defaulting Lender's L/C Exposure is neither cash collateralized nor reallocated pursuant to clauses (i) or (ii) above, then, without prejudice to any rights or remedies of the L/C Issuers or any Revolving Lender hereunder, all letter of credit fees payable under Section 2.13(b) with respect to such Defaulting Lender's L/C Exposure shall be payable to each applicable L/C Issuer until such L/C Exposure is cash collateralized and/or reallocated.

(d) So long as such Defaulting Lender is a Defaulting Lender, the L/C Issuers shall not be required to issue, amend or increase any Letter of Credit, unless it is satisfied that the related L/C Exposure will be 100% covered by the unused Revolving Credit Commitments of the non-Defaulting Lenders and/or cash collateral will be provided by the Borrower in accordance with Section 2.18(c)(ii), and the participating interests in any such newly issued or increased Letter of Credit shall be allocated among non-Defaulting Lenders in a manner consistent with Section 2.18(c)(i) (and such Defaulting Lender shall not participate therein).

The rights and remedies against a Defaulting Lender under this Agreement are in addition to other rights and remedies that Borrower may have against such Defaulting Lender with respect to any funding default and that the Administrative Agent or any Lender may have against such Defaulting Lender with respect to any funding default. In the event that the Administrative Agent, the Borrower and each applicable L/C Issuer each agrees that a Defaulting Lender has adequately remedied all matters that caused such Lender to be a Defaulting Lender, then the Revolving Exposure shall be readjusted to reflect the inclusion of such Lender's unused Revolving Credit Commitment and on such date such Lender shall purchase at par such of the Revolving Loans of the other Lenders or take such other actions as the Administrative Agent may determine to be necessary to cause such outstanding Revolving Loans and funded and unfunded participations in Letters of Credit to be held on a pro rata basis by the Revolving Lenders (including such Lender) in accordance with their applicable percentages, whereupon such Lender will cease to be a Defaulting Lender and will be a non-Defaulting Lender and any applicable cash collateral shall be promptly returned to the Borrower and any L/C Exposure of such Lender reallocated pursuant to the requirements above shall be reallocated back to such Lender; *provided* that no adjustments will be made retroactively with respect to fees accrued or payments made by or on behalf of the Borrower while that Lender was a Defaulting Lender; *provided* that, subject to Section 10.26 and except to the extent otherwise expressly agreed by the affected parties, no change hereunder from Defaulting Lender to non-Defaulting Lender will constitute a waiver or release of any claim of any party hereunder arising from such Lender's having been a Defaulting Lender.

### **ARTICLE 3. CONDITIONS PRECEDENT.**

Section 3.1 *All Credit Extensions.* At the time of each Credit Extension made after the Escrow Release Date under the Revolving Facility hereunder:

- (a) each of the representations and warranties set forth herein and in the other Loan Documents shall be and remain true and correct in all material respects (or in all respects, if qualified by a materiality threshold) as of said time, except to the extent the same expressly relate to an earlier date;
- (b) no Default or Event of Default shall have occurred and be continuing or would occur as a result of such Credit Extension;
- (c) after giving effect to any requested extension of credit, the aggregate principal amount of all Revolving Loans and L/C Obligations under this Agreement shall not exceed the aggregate Revolving Credit Commitments; and
- (d) (i) in the case of a Borrowing, the Administrative Agent shall have received the notice required by Section 2.5 hereof, (ii) in the case of the issuance of any Letter of Credit the applicable L/C Issuer shall have received a duly completed Application, and/or (iii) in the case of an extension or increase in the amount of a Letter

of Credit, a written request therefor in a form reasonably acceptable to the applicable L/C Issuer.

Each request for a Borrowing covered under this Section 3.1 and each request for the issuance of, increase in the amount of, or extension of the expiration date of, a Letter of Credit covered under this Section 3.1 shall be deemed to be a representation and warranty by the Borrower on the date of such Credit Extension as to the facts specified in subsections (a) through (d), both inclusive, of this Section 3.1.

Section 3.2 *Initial Credit Extensions and Effectiveness on Closing Date*. The obligations of each Term B Lender to make their Term B Loans on the Closing Date and the effectiveness of the Revolving Credit Commitments and Term A Loan Commitments hereunder are subject solely to the satisfaction or waiver of the following conditions precedent:

(a) the Administrative Agent shall have received each of the following, each of which shall be originals or facsimiles (or delivered by other electronic transmission, including pdf) unless otherwise specified:

(i) counterparts of this Agreement signed on behalf of the Borrower;

(ii) copies of the certificate of formation, certificate of incorporation, certificate of organization, operating agreement, articles of incorporation, memorandum and articles of association and bylaws, as applicable (or comparable organizational documents) of the Borrower and each WDC Guarantor and any amendments thereto, certified in each instance by its Director, Secretary, Assistant Secretary or Chief Financial Officer and, with respect to organizational documents filed with a Governmental Authority, by the applicable Governmental Authority;

(iii) a Term B Note executed by the Borrower in favor of each Lender that has requested such a Note at least ten (10) Business Days in advance of the Closing Date;

(iv) copies of resolutions of the board of directors, manager or similar governing body of the Borrower and each WDC Guarantor approving and authorizing the execution, delivery and performance of the Loan Documents to which it is a party, together with specimen signatures of the persons authorized to execute such documents on the Borrower's and such WDC Guarantor's behalf, all certified as of the Closing Date in each instance by its Director, Secretary, Assistant Secretary or Chief Financial Officer as being in full force and effect without modification or amendment;

(v) copies of the certificates of good standing (if available) for the Borrower and each WDC Guarantor from the office of the secretary of state or other appropriate governmental department or agency of the state of its formation, incorporation or organization;

(vi) a Guaranty, duly executed by each WDC Guarantor;

(vii) (A) a favorable written opinion (addressed to the Administrative Agent and the Lenders) of Cleary Gottlieb Steen & Hamilton LLP, special counsel to the Borrower and WDC Guarantors and (B) a favorable written opinion (addressed to the Administrative Agent and the Lenders) of Young Conaway Stargatt & Taylor, LLP, local counsel to the Borrower and the WDC Guarantors in the state of Delaware; and

(viii) the Escrow Agreement, duly executed by the Borrower, each WDC Guarantor, the Escrow Agent and the Administrative Agent.

(b) the Specified Representations of the Borrower and the WDC Guarantors shall be true and correct in all material respects on and as of the Closing Date;

(c) the Administrative Agent shall have received, no later than 3 Business Days in advance of the Closing Date, all documentation and other information about the Borrower as shall have been reasonably requested in writing at least ten (10) Business Days prior to the Closing Date by the Lenders through the Joint Lead Arrangers that is required by regulatory authorities under applicable "know your customer" and anti-money laundering rules and regulations, including without limitation the Patriot Act;

(d) the Administrative Agent shall have received (A)(i) the audited consolidated balance sheets and related audited consolidated statements of income, comprehensive income, cash flows and shareholders' equity of the Borrower as of and for the fiscal years ended July 3, 2015, June 27, 2014 and June 28, 2013 (and the Administrative Agent acknowledges receipt of such audited financial statements), and (ii) the audited consolidated balance sheets and related audited consolidated statements of operations, comprehensive income, equity and cash flows of the Target as of and for the fiscal years ended January 3, 2016, December 28, 2014 and December 29, 2013 (and the Administrative Agent acknowledges receipt of such audited financial statements), (B) the unaudited consolidated balance sheets and related unaudited statements of income, comprehensive income and cash flows of the Borrower for the fiscal quarters ended October 2, 2015 and January 1, 2016 (and the Administrative Agent acknowledges receipt of such financial statements) and (C) a pro forma consolidated balance sheet of the Borrower and its Subsidiaries (including the Target) as of January 1, 2016 and related pro forma statements of income of the Borrower and its Subsidiaries (including the Target)

for the six months ended January 1, 2016 and for the six months ended January 2, 2015, prepared after giving effect to the Schrader Acquisition and the Financing Transactions (as defined in the Senior Notes Offering Memorandum) as if those events had occurred on such date (in the case of such balance sheet) or June 28, 2014, the first day of the Borrower's fiscal year ended July 3, 2015 (in the case of the statement of income); *provided* that (i) each such pro forma financial statement shall be prepared in good faith by the Borrower and (ii) no such pro forma financial statement shall be required to include adjustments for purchase accounting (including adjustments of the type contemplated by Financial Accounting Standards Board Accounting Standards Codification 805, Business Combinations (formerly SFAS 141R));

(e) the Borrower shall have made arrangements reasonably satisfactory to the Joint Lead Arrangers for the payment of (which amounts may be offset against the proceeds of the Term B Loans) all fees and expenses required to be paid hereunder or under any separate written agreement among the Borrower and the Joint Lead Arrangers to the extent invoiced at least three (3) Business Days prior to the Closing Date (or such later date as the Borrower may reasonably agree);

(f) all other actions not identified in clause (a) above that are necessary to establish that the Collateral Agent (for the benefit of the Secured Parties) will have a perfected Lien (subject to Permitted Liens) on the Escrow Account Funds shall have been taken; and

(g) in the case of each Borrowing to be made on the Closing Date, the Administrative Agent shall have received the notice required by Section 2.5.

For purposes of determining compliance with the conditions specified in this Section 3.2, each Lender that has signed this Agreement shall be deemed to have consented to, approved or accepted or to be satisfied with, each document or other matter required thereunder to be consented to or approved by or acceptable or satisfactory to a Lender unless an officer of the Administrative Agent responsible for the transactions contemplated by this Agreement shall have received notice from such Lender prior to the proposed Closing Date specifying its objection thereto in reasonable detail. The Administrative Agent shall promptly notify the Lenders and the Borrower in writing of the occurrence of the Closing Date and such notification shall be conclusive and binding.

**Section 3.3 Escrow Release Date.** (i) The L/C Issuers, the Term A Lenders and the Revolving Lenders shall not be obligated to make their respective Credit Extensions on the Escrow Release Date, (ii) the Borrower agrees that it shall not direct the Escrow Agent to release the Escrow Account Funds and (iii) the Escrow Release Date shall not occur, until:

(a) subject in all respects to the final paragraph of this Section 3.3 and the relevant provisions of Section 6.24 of the Original Loan Agreement, the Administrative Agent

shall have received each of the following, each of which shall be originals or facsimiles (or delivered by other electronic transmission, including pdf) unless otherwise specified:

(i) copies of the certificate of formation, certificate of incorporation, certificate of organization, operating agreement, articles of incorporation, memorandum and articles of association and bylaws, as applicable (or comparable organizational documents) of each Loan Party and any amendments thereto, certified in each instance by its Director, Secretary, Assistant Secretary or Chief Financial Officer and, with respect to organizational documents filed with a Governmental Authority, by the applicable Governmental Authority;

(ii) copies of resolutions of the board of directors, manager or similar governing body of each Loan Party approving and authorizing the execution, delivery and performance of the Loan Documents to which it is a party, together with specimen signatures of the persons authorized to execute such documents on each Loan Party's behalf, all certified as of the Escrow Release Date in each instance by its Director, Secretary, Assistant Secretary or Chief Financial Officer as being in full force and effect without modification or amendment;

(iii) copies of the certificates of good standing (if available) for each Loan Party from the office of the secretary of state or other appropriate governmental department or agency of the state of its formation, incorporation or organization, as applicable;

(iv) the results of a recent Lien search with respect to each Grantor to the extent customary in the applicable jurisdiction and reasonably requested by the Administrative Agent with respect to the Grantors;

(v) (A) a favorable written opinion (addressed to the Administrative Agent and the Lenders) of Cleary Gottlieb Steen & Hamilton LLP, special counsel to the Loan Parties and (B) favorable written opinions (addressed to the Administrative Agent and the Lenders) of each of Young Conaway Stargatt & Taylor, LLP, local counsel to the Loan Parties in the state of Delaware, Jones Day, local counsel to the Loan Parties in the state of Texas, and Maples and Calder, local counsel to the Loan Parties in the Cayman Islands, in each case in form and substance reasonably satisfactory to the Administrative Agent;

(vi) an executed Solvency Certificate signed on behalf of the Borrower, dated the Escrow Release Date;

(vii) a Guaranty Supplement, duly executed by the SD Guarantor; *provided*, that if such guarantee cannot be provided as a condition precedent solely because the directors of the SD Guarantor have not authorized such guarantee and the election of new directors to authorize such guarantee has not taken place prior to the Escrow Release Date, such election shall take place and such guarantee shall be provided no later than 5:00 p.m. (New York time) on the Escrow Release Date;

(viii) the Security Agreement, duly executed by each Grantor, together with:

(A) the certificates representing the shares of Equity Interests that do not constitute Excluded Equity Interests and that are required to be pledged by any Grantor pursuant to the Security Agreement, together with an undated stock power for each such certificate executed in blank by a duly authorized officer of the pledgor thereof;

(B) each promissory note (if any) required to be pledged to the Collateral Agent by any Grantor pursuant to the Security Agreement, endorsed (without recourse) in blank (or accompanied by an executed transfer form in blank) by the pledgor thereof; and

(C) proper financing statements in form appropriate for filing under the UCC of all jurisdictions that the Administrative Agent may deem reasonably necessary in order to perfect the Liens created under the Security Agreement, covering the Collateral of the Grantors;

(ix) the Intellectual Property Security Agreements, duly executed by each Grantor party thereto;

(x) the Intercreditor Agreement, duly executed and delivered by each party thereto;

(xi) the Perfection Certificate, duly executed and delivered by the Grantors;

(xii) a Term A Note and a Revolving Note, in each case executed by the Borrower in favor of each Lender that has requested such a Note at least ten (10) Business Days in advance of the Escrow Release Date; and

(xiii) the Global Intercompany Note, duly executed by the Borrower and each of its Subsidiaries and any other certificated intercompany note payable to a Grantor and outstanding as of the Escrow Release Date, duly executed by the parties thereto;

(b) the Specified Representations of the Loan Parties shall be true and correct in all material respects on and as of the Escrow Release Date;

(c) substantially concurrently with the Escrow Release Date, the Schrader Acquisition shall be consummated in all material respects in accordance with the terms of the Acquisition Agreement without giving effect to any amendment, change, consent or supplement or waiver of any provisions thereof, that are materially adverse to the interests of the Initial Lenders or the Joint Lead Arrangers in their respective capacities as such without the consent of the Joint Lead Arrangers, such consent not to be unreasonably withheld, delayed or conditioned; it being understood that (i) any increase or decrease in the purchase price shall not be materially adverse to the interests of the Initial Lenders or the Joint Lead Arrangers so long as (x) the granting of any consent under the Acquisition Agreement that is not materially adverse to the Initial Lenders does not otherwise constitute any amendment, change or waiver, (y) any increase in the purchase price is funded with equity and (z) an amount equal to 100% of any reduction price shall be allocated to reduce the aggregate principal amount of the Term Loans (allocated to the Term A Loans, U.S. Term B Loans and/or Euro Term B Loans as agreed by the Joint Lead Arrangers and the Borrower) and the Bridge Facilities (as defined in the Amended and Restated Commitment Letter dated as of November 13, 2015 by and among the Borrower, the Joint Lead Arrangers and the Initial Lenders) on a pro rata basis;

(d) the Escrow Release Date Refinancing shall have been consummated substantially concurrently with the release of funds from the Escrow Account on the Escrow Release Date;

(e) since October 21, 2015, there shall not have occurred any Company Material Adverse Effect that is continuing; *provided* that clause (a) of the definition of Company Material Adverse Effect shall be excluded from such definition for the purposes of determining the satisfaction of this clause (e);

(f) such of the representations made by, with respect to or on behalf of the Target in the Acquisition Agreement as are material to the interests of the Lenders, but only to the extent that the Borrower has (or the Borrower's applicable Affiliates have) the right to terminate the Borrower's (or its Affiliate's) obligations under the Acquisition Agreement (after giving effect to any applicable notice and cure period) (the "*Specified Acquisition Agreement Representations*"), shall be true and correct in all material respects;

(g) concurrently with the release of the funds held in the Escrow Account pursuant to Section 2.17(b)(i), the Borrower shall have instructed the Escrow Agent to pay all fees and expenses required to be paid hereunder in connection with the occurrence of the Closing Date and the Escrow Release Date from the funds in the Escrow Account, to the extent invoiced in reasonable detail at least three (3) Business Days before the Closing Date or Escrow Release Date, as applicable (or such later date as

the Borrower may reasonably agree); *provided* that if the Escrow Release Date is not a Business Day, then such fees and expenses shall be transferred out of the Escrow Account on the immediately succeeding Business Day;

(h) subject in all respects to the final paragraph of this Section 3.3, all other actions not identified in clause (a) above that are necessary to establish that the Collateral Agent (for the benefit of the Secured Parties) will have a perfected Lien (subject only to Permitted Liens) on the Collateral shall have been taken;

(i) the proceeds of the Senior Secured Notes and the Senior Unsecured Notes shall have been, or shall be substantially concurrently with the Escrow Release Date, released from escrow pursuant to the terms of the Senior Notes Escrow Agreements;

(j) the Administrative Agent shall have received (A) if the Escrow Release Date shall have occurred on or after September 29, 2016, the audited consolidated balance sheets and related audited consolidated statements of income, comprehensive income, cash flows and shareholders' equity of the Borrower as of and for the fiscal year ended July 1, 2016, (B) if the Escrow Release Date shall have occurred on or after May 16, 2016, (i) the unaudited consolidated balance sheets and related unaudited statements of income, comprehensive income and cash flows of the Borrower for the fiscal quarter ended April 1, 2016, 2016 and (ii) the unaudited consolidated balance sheets and related statements of operations, comprehensive income and cash flows of the Target for each fiscal quarter of the Target ended after the most recently ended fiscal year of the Target for which financial statements have been provided pursuant to Section 3.2(d)(A)(ii) and ended at least 45 days before the Escrow Release Date (but excluding the fourth quarter of any fiscal year of the Target);

(k) the Administrative Agent shall have received, no later than 3 Business Days in advance of the Escrow Release Date, all documentation and other information about the Loan Parties as shall have been reasonably requested in writing at least ten (10) Business Days prior to the Escrow Release Date by the Lenders through the Joint Lead Arrangers that is required by regulatory authorities under applicable "know your customer" and anti-money laundering rules and regulations, including without limitation the Patriot Act; and

(l) (i) in the case of each Borrowing to be made on the Escrow Release Date, the Administrative Agent shall have received the notice required by Section 2.5 hereof and (ii) in the case of the issuance of any Letter of Credit to be issued on the Escrow Release Date, the L/C Issuers shall have received a duly completed Application.

For purposes of determining compliance with the conditions specified in this Section 3.3, each Lender that has signed this Agreement shall be deemed to have consented to, approved or accepted or to be satisfied with, each document or other matter required thereunder to be consented to or approved by or acceptable or satisfactory to a Lender unless an officer of the Administrative Agent responsible for the transactions contemplated by this Agreement shall have received notice from such Lender prior to the proposed Escrow Release Date specifying its objection thereto in reasonable detail. The Administrative Agent shall promptly notify the Lenders and the Borrower in writing of the occurrence of the Escrow Release Date and such notification shall be conclusive and binding.

Notwithstanding anything to the contrary in this Section 3.3, this Agreement or any other Loan Document, to the extent any security interest in the Collateral (other than any Collateral of the Grantors the security interest in which may be perfected by the filing of a UCC financing statement or the delivery of certificates evidencing equity interests of any material wholly-owned domestic Restricted Subsidiary of the Borrower (except that stock certificates and the accompanying stock power or instrument of the Target's subsidiaries shall only be required to be delivered on the Escrow Release Date to the extent received from the Target after the Borrower's use of commercially reasonable efforts to obtain the same)) is not or cannot be provided and/or perfected on the Escrow Release Date after the Borrower's use of commercially reasonable efforts to do so without undue burden or expense, then the provision and/or perfection of such security interest shall not constitute a condition precedent under this Section 3.3 on the Escrow Release Date but shall be required to be delivered after the Escrow Release Date pursuant to arrangements to be mutually agreed by the Administrative Agent and the Borrower acting reasonably and not later than 90 days (subject to extensions as may be reasonably agreed to by the Administrative Agent in its sole discretion) after the Escrow Release Date (it being understood that in all instances Mortgages need only be delivered within the period specified in Section 4.2 below).

#### **ARTICLE 4. THE COLLATERAL AND THE GUARANTY.**

Section 4.1 *Collateral*. As of the Escrow Release Date (other than during any Collateral and Guarantee Suspension Period), subject to Section 4.5 below, the Obligations, Hedging Liability and, at the Borrower's option, Funds Transfer Liability, Deposit Account Liability and Data Processing Obligations shall be secured by (a) valid, perfected, and enforceable Liens on all right, title, and interest of each Grantor in all capital stock and other Equity Interests (other than Excluded Equity Interests) held by such Person in each of its Subsidiaries, whether now owned or hereafter formed or acquired, and all proceeds thereof, and (b) valid, perfected, and enforceable Liens on all right, title, and interest of each Grantor in all personal property and fixtures, whether now owned or hereafter acquired or arising, and all proceeds thereof (other than Excluded Property).

Section 4.2 *Liens on Real Property*. After the Escrow Release Date (other than during a Collateral and Guarantee Suspension Period), in the event that any Grantor hereafter acquires fee-owned real property having a fair market value in excess of \$30 million (as determined by the Borrower in good faith and without requirement of delivery of an appraisal or other third-party valuation) (other than any Excluded Property), within 90 days following the acquisition thereof (or such longer period as to which the Administrative Agent may

consent), the Borrower shall, or shall cause such Grantor to (i) execute and deliver to the Collateral Agent (or a security trustee therefor) a Mortgage, title policy, ALTA survey, if required by the title company issuing the title policy (or no-change affidavits in connection with existing surveys), certificates of insurance evidencing the insurance required under this Agreement, and opinions of counsel, in each case similar to the Mortgage, title policy, certificates of insurances and opinions of counsel delivered to the Collateral Agent pursuant to Schedule 6.24 for the purpose of granting to the Collateral Agent a Lien on such real property to secure the Obligations, Hedging Liability, and Funds Transfer Liability, Deposit Account Liability and Data Processing Obligations and shall pay all taxes and reasonable costs and expenses incurred by the Collateral Agent in recording such Mortgage; *provided* if the Mortgaged Property is in a jurisdiction that imposes a mortgage recording or similar tax on the amount secured by such Mortgage, then the amount secured by such Mortgage shall be limited to the fair market value (without requirement of delivery of an appraisal or other third-party valuation) of such Mortgaged Property, as reasonably determined by the Borrower in good faith and (ii) provide the Collateral Agent with a completed "Life-of-Loan" Federal Emergency Management Agency Standard Flood Hazard Determination with respect to each Mortgaged Property (together with a notice about special flood hazard area status and flood disaster assistance duly executed by the Borrower and each applicable Grantor relating thereto).

**Section 4.3 *Guaranty.*** As of the Closing Date (other than during a Collateral and Guarantee Suspension Period), the payment and performance of the Obligations, Hedging Liability, and, at the Borrower's option, Funds Transfer Liability, Deposit Account Liability and Data Processing Obligations shall at all times be guaranteed by each Restricted Subsidiary (other than the Target Company or an Excluded Subsidiary), including any Immaterial Subsidiary which becomes a Material Subsidiary (each, a "*Guarantor*" and, collectively, the "*Guarantors*") pursuant to a guaranty agreement in substantially the form attached as Exhibit J, as the same may be amended, restated, amended and restated, modified or supplemented from time to time (the "*Guaranty*").

**Section 4.4 *Further Assurances.*** On and after the Escrow Release Date (other than during a Collateral and Guarantee Suspension Period), the Borrower agrees that it shall, and shall cause each Grantor to, from time to time at the request of the Administrative Agent or the Required Lenders, execute and deliver such documents and do such acts and things as the Administrative Agent or the Required Lenders may reasonably request in order to provide for or perfect or protect such Liens on the Collateral. In the event the Borrower or any Restricted Subsidiary (other than an Excluded Subsidiary) forms or acquires any after-acquired property or other Restricted Subsidiary (other than an Excluded Subsidiary), or any Immaterial Subsidiary becomes a Material Subsidiary (other than an Excluded Subsidiary) after the Escrow Release Date (other than during a Collateral and Guarantee Suspension Period), on or prior to the later to occur of (a) 60 days following the date of such acquisition or formation or event and (b) the date of the required delivery of the Compliance Certificate following the date of such acquisition, formation or event (or such longer period as to which the Administrative Agent may consent), the Borrower shall cause such Restricted Subsidiary to execute such guaranties and Collateral Documents (or supplements, assumptions or amendments to existing guaranty and Collateral Documents) as the Administrative Agent may then require, and the Borrower shall also deliver to the Administrative Agent, or cause such Restricted Subsidiary to deliver to the Administrative Agent, at the Borrower's cost and expense, such other instruments, documents, certificates, and opinions reasonably required by the Administrative Agent in connection therewith; *provided* that no control agreements shall be required (other than pursuant to the Escrow Agreement).

**Section 4.5 *Limitation on Collateral.*** Notwithstanding anything to the contrary in Sections 4.1 through 4.4, any other provision of this Agreement or any Collateral Document (a) no Grantor shall be required to grant a security interest in any asset or perfect a security interest in any Collateral to the extent the cost, burden, difficulty or consequence of granting or perfecting a Lien (including any mortgage, stamp, intangible or other tax or expenses relating to such Lien) outweighs the benefit to the Lenders of the security afforded thereby as reasonably determined by the Borrower and the Administrative Agent, (b) no Grantor shall be required to complete any filings or take any other action (including the execution of a foreign law security or pledge agreement or the act of a foreign

intellectual property filing or search) with respect to the grant or perfection of a security interest on any Collateral in any jurisdiction other than the United States; *provided* that (other than during a Collateral and Guarantee Suspension Period) with respect to any Equity Interests of First-Tier Foreign Subsidiaries that constitute Collateral, Grantors shall also be required to enter into foreign law governed security or pledge agreements in the jurisdiction of organization or incorporation of such First-Tier Foreign Subsidiary if such First-Tier Foreign Subsidiary is organized or incorporated in (x) on and after the Escrow Release Date, the Cayman Islands (including the Cayman Share Mortgage) and (y) after the Escrow Release Date, if one or more First-Tier Foreign Subsidiaries that own non-U.S. assets constituting more than 10.00% of the Consolidated Total Assets of the Borrower and its Restricted Subsidiaries (based upon the financial statements most recently delivered on or prior to such date pursuant to Section 6.1) and that the Administrative Agent reasonably believes to be material is organized in a jurisdiction other than the Cayman Islands, such other jurisdictions in which such First-Tier Foreign Subsidiaries are organized; *provided, however*, that in no event shall a Grantor be required to grant or perfect a security interest in the People's Republic of China, the Republic of India, Italy, the Republic of Korea, Japan, the State of Israel or any jurisdiction where it may be either impossible or impractical to grant or perfect security interests in Equity Interests or where it is more burdensome or costly in any material respect compared to the United States or the Cayman Islands, (c) no Grantor shall be required to make any filing with respect to any intellectual property rights other than filing the Intellectual Property Security Agreements with the U.S. Patent and Trademark Office or the U.S. Copyright Office, as applicable, (d) Liens required to be granted pursuant to Section 4.4 shall be subject to exceptions and limitations consistent with those set forth in the Collateral Documents as in effect on the Escrow Release Date (to the extent appropriate in the applicable jurisdiction), (e) no Grantor shall be required to seek any landlord lien waiver, estoppel, warehouseman waiver or other collateral access or similar letter or agreement, (f) the security interests in the following Collateral shall not be required to be perfected other than by UCC filing: (i) assets requiring perfection through control agreements or other control arrangements (other than control of pledged Equity Interests to the extent otherwise required by any Loan Document and promissory notes in a principal amount in excess of \$30 million); (ii) vehicles and any other assets subject to certificates of title; and (iii) letter of credit rights to the extent not perfected by the filing of a Form UCC-1 financing statement and (g) the Guaranty of the SD Grantor shall not be secured.

## **ARTICLE 5. REPRESENTATIONS AND WARRANTIES.**

On the Escrow Release Date and on the dates to the extent required pursuant to Section 3.1, 3.2 and 3.3 hereof, as applicable, the Borrower represents and warrants to each Lender and the Administrative Agent that:

### Section 5.1 *Financial Statements.*

(a) The Borrower's audited consolidated balance sheet and related audited consolidated statements of income, comprehensive income, cash flows and shareholders' equity as of and for the fiscal years ended June 30, 2017, July 1, 2016 and July 3, 2015, (i) were prepared in accordance with GAAP consistently applied throughout the period covered thereby, except as otherwise expressly noted therein and (ii) fairly present in all material respects in accordance with GAAP the financial condition of the Borrower and its Subsidiaries as of such dates and for such periods and their results of operations for the periods covered thereby.

(b) [Reserved].

(c) The unaudited consolidated balance sheet and related unaudited statements of income, comprehensive income and cash flows of the Borrower as of and for the fiscal quarter ended December 29, 2017, (i) were prepared in accordance with GAAP consistently applied throughout the period covered thereby, except as otherwise expressly noted therein, and (ii) fairly present in all material respects in accordance with GAAP the financial condition of the Borrower and its Subsidiaries as of the date thereof and their results of operations for the period covered thereby, subject, in the case of clauses (i) and (ii), to the absence of footnotes and to normal year-end audit adjustments.

(d) [Reserved].

(e) [Reserved].

**Section 5.2 *Organization and Qualification.*** The Borrower and each of its Restricted Subsidiaries (i) is duly organized or incorporated, validly existing and in good standing under the laws of the jurisdiction of its organization or incorporation, except to the extent the failure of any Restricted Subsidiary to be in existence and good standing would not reasonably be expected to have a Material Adverse Effect, (ii) has the power and authority to own its property and to transact the business in which it is engaged and proposes to engage, except where the failure to do so would not reasonably be expected to have a Material Adverse Effect, and (iii) is duly qualified and in good standing in each jurisdiction where the ownership, leasing or operation of property or the conduct of its business requires such qualification, except, in each case, under this clause (iii) where the same would not be reasonably expected to have, either individually or in the aggregate, a Material Adverse Effect.

**Section 5.3 *Authority and Enforceability.*** The Borrower has the power and authority to enter into this Agreement and the other Loan Documents executed by it, to make the borrowings herein provided for, to issue its Notes (if any), (solely during any Collateral and Guarantee Period) to grant to the Collateral Agent the Liens described in the Collateral Documents executed by the Borrower, and to perform all of its obligations hereunder and under the other Loan Documents executed by it. Each other Loan Party has the power and authority to enter into the Loan Documents executed by it, to grant to the Collateral Agent the Liens described in the Collateral Documents executed by such Person, and to perform all of its obligations under the Loan Documents executed by it. The Loan Documents delivered by the Loan Parties have been duly authorized by proper corporate and/or other organizational proceedings, executed, and delivered by such Person and constitute valid and binding obligations of such Person enforceable against it in accordance with their terms, except as enforceability may be limited by bankruptcy, insolvency, fraudulent conveyance or similar laws affecting creditors' rights generally and general principles of equity (regardless of whether the application of such principles is considered in a proceeding in equity or at law); and this Agreement and the other Loan Documents do not, nor does the performance or observance by any Loan Party, if any, of any of the matters and things herein or therein provided for, (a) violate any provision of law or any judgment, injunction, order or decree binding upon any Loan Party, (b) contravene or constitute a default under any provision of the organizational documents (e.g., charter, articles of incorporation, by-laws, articles of association, operating agreement, partnership agreement or other similar document) of any Loan Party, (c) contravene or constitute a default under any covenant, indenture or agreement of or affecting any Loan Party or any of its Property, or (d) result in the creation or imposition of any Lien on any Property of any Loan Party other than the Liens granted in favor of the Collateral Agent pursuant to the Collateral Documents (if applicable) and Permitted Liens, except with respect to clauses (a), (c) or (d), to the extent, individually or in the aggregate, that such violation, contravention, breach, conflict, default or creation or imposition of any Lien would not reasonably be expected to result in a Material Adverse Effect.

Section 5.4 *No Material Adverse Change*. Since June 30, 2017, there has been no event or circumstance which individually or in the aggregate would reasonably be expected to have a Material Adverse Effect.

Section 5.5 *Litigation and Other Controversies*. Except as specifically disclosed in any SEC Documents filed or furnished and publicly available on or before the Amendment No. 7 Effective Date (but excluding any disclosure in the “Risk Factors” or “Forward-Looking Statements” sections of any SEC Document and similar statements included in any SEC Document that are solely forward looking in nature) or on Schedule 5.5, there is no litigation, arbitration or governmental proceeding pending or, to the knowledge of the Borrower and its Restricted Subsidiaries, threatened in writing against the Borrower or any of its Restricted Subsidiaries that would reasonably be expected to have a Material Adverse Effect.

Section 5.6 *True and Complete Disclosure*. As of the Amendment No. 7 Effective Date, all written information (other than projections and any other forward-looking information of a general economic or industry nature) furnished by or on behalf of the Borrower or any of its Restricted Subsidiaries to the Administrative Agent, any L/C Issuer or any Lender for purposes of or in connection with this Agreement, or any transaction contemplated herein, is complete and correct when taken as a whole, in all material respects, and does not, taken as a whole, contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements contained therein, in the light of the circumstances under which they were made, not materially misleading (after giving effect to all supplements and updates with respect thereto); *provided that*, with respect to projected financial information furnished by or on behalf of the Borrower or any of its Restricted Subsidiaries, the Borrower only represents and warrants that such information has been prepared in good faith based upon assumptions believed to be reasonable at the time furnished (it being understood that such projections are as to future events and are not viewed as facts or a guarantee of financial performance or achievement and that such projections are subject to significant uncertainties and contingencies, many of which are beyond the control of the Borrower, that actual results may differ significantly from the projections and such differences may be material).

Section 5.7 *Margin Stock*. Neither the making of any Loan or other extension of credit hereunder nor the use of the proceeds thereof will violate the provisions of Regulations U or X of the Board of Governors of the Federal Reserve System and any successor to all or any portion of such regulations. None of the Loan Parties is engaged nor will it engage, principally or as one of its important activities, in the business of purchasing or carrying margin stock (within the meaning of Regulation U of the Board of Governors of the Federal Reserve System), or extending credit for the purpose of purchasing or carrying margin stock (within the meaning of Regulation U of the Board of Governors of the Federal Reserve System).

Section 5.8 *Taxes*. The Borrower and each of its Restricted Subsidiaries has filed or caused to be filed all Tax returns required to be filed by the Borrower and/or any of its Restricted Subsidiaries, except where failure to so file would not be reasonably expected to have, either individually or in the aggregate, a Material Adverse Effect. The Borrower and each of its Restricted Subsidiaries has paid all Taxes payable by them (whether or not shown on any Tax returns, and including in its capacity as withholding agent), except those (a) not overdue by more than thirty (30) days or (b) if more than 30 days overdue, (i) those that are being contested in good faith and by proper legal proceedings and as to which appropriate reserves have been provided for in accordance with GAAP or (ii) those the non-payment of which would not be

reasonably expected to result, either individually or in the aggregate, in a Material Adverse Effect.

**Section 5.9 ERISA.** The Borrower and each other member of its Controlled Group has fulfilled its obligations under the minimum funding standards of, and is in compliance in all material respects with, ERISA and the Code to the extent applicable to it and, other than a liability for premiums under Section 4007 of ERISA, has not incurred any liability to the PBGC or a Plan, except where the failure, noncompliance or incurrence of such would not be reasonably expected, individually or in the aggregate, to have a Material Adverse Effect. The Borrower and its Restricted Subsidiaries have no contingent liabilities with respect to any post-retirement benefits under a Welfare Plan, other than liability for continuation coverage described in article 6 of Title 1 of ERISA, and except as would not be reasonably expected to have a Material Adverse Effect.

**Section 5.10 Subsidiaries.** Schedule 5.10 correctly sets forth, as of the Amendment No. 7 Effective Date, each Subsidiary of the Borrower, its respective jurisdiction of organization or incorporation and the percentage ownership (whether directly or indirectly) of the Borrower in each class of capital stock or other Equity Interests of each of its Subsidiaries. As of the Amendment No. 7 Effective Date, all of the Subsidiaries of the Borrower will be Restricted Subsidiaries.

**Section 5.11 Compliance with Laws.** The Borrower and each of its Restricted Subsidiaries is in compliance with all applicable statutes, regulations and orders of, and all applicable restrictions imposed by, all Governmental Authority in respect of the conduct of their businesses and the ownership of their property, except such noncompliance as would not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect.

**Section 5.12 Environmental Matters.** Except as would not, either individually or in the aggregate, reasonably be expected to have a Material Adverse Effect:

- (a) The Borrower and each of its Restricted Subsidiaries is in compliance with all Environmental Laws and has obtained and is in compliance with all permits issued under such Environmental Laws;
- (b) There are no pending or, to the knowledge of the Borrower or any of its Restricted Subsidiaries, threatened Environmental Claims against the Borrower or any of its Restricted Subsidiaries or any real property, including leaseholds, currently or, to the knowledge of the Borrower, formerly owned or operated by the Borrower or any of its Restricted Subsidiaries;
- (c) To the knowledge of the Borrower or any of its Restricted Subsidiaries, there are no facts, circumstances, conditions or occurrences that could reasonably be expected to (i) form the basis of an Environmental Claim against or result in an Environmental Liability of the Borrower or any Restricted Subsidiary, or (ii) cause any real property of the Borrower or any Restricted Subsidiary to be subject to any restrictions on the ownership, occupancy, use or transferability of such real property by the Borrower or any of its Restricted Subsidiaries under any Environmental Law.
- (d) Hazardous Materials have not been Released on, at, under or from any facility currently or, to the knowledge of the Borrower, formerly owned or operated by any Borrower or any of its Restricted Subsidiaries that would reasonably be expected to result in any liability of the Borrower or any of its Restricted Subsidiaries.

**Section 5.13 *Investment Company.*** None of the Loan Parties is required to register as an “investment company” under the Investment Company Act of 1940, as amended.

**Section 5.14 *Intellectual Property.*** The Borrower and each of its Restricted Subsidiaries own all the patents, trademarks, service marks, trade names, copyrights, trade secrets, know-how or other intellectual property rights, or each has obtained licenses or other rights of whatever nature necessary for the present conduct of its businesses, in each case without any known conflict with the rights of others which, or the failure to obtain which, as the case may be, would reasonably be expected to result in a Material Adverse Effect.

**Section 5.15 *Good Title.*** The Borrower and its Restricted Subsidiaries have good and indefeasible title, to, or valid leasehold interests in, to their material properties and assets as reflected on the Borrower’s most recent consolidated balance sheet provided to the Administrative Agent (except for sales of assets permitted hereunder, and such defects in title or the validity of leasehold interests that would not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect) and is subject to no Liens, other than Permitted Liens.

**Section 5.16 *Labor Relations.*** Neither the Borrower nor any of its Restricted Subsidiaries is engaged in any unfair labor practice that would reasonably be expected to have a Material Adverse Effect. There is (i) no strike, labor dispute, slowdown or stoppage pending against the Borrower or any of its Restricted Subsidiaries or, to the knowledge of the Borrower and its Restricted Subsidiaries, threatened in writing against the Borrower or any of its Restricted Subsidiaries and (ii) to the knowledge of the Borrower and its Restricted Subsidiaries, no union representation proceeding is pending with respect to the employees of the Borrower or any of its Restricted Subsidiaries and no union organizing activities are taking place, except (with respect to any matter specified in clause (i) or (ii) above, either individually or in the aggregate) such as would not reasonably be expected to have a Material Adverse Effect.

**Section 5.17 *Capitalization.*** Except as set forth on Schedule 5.17, all outstanding Equity Interests of the Borrower and its Restricted Subsidiaries have been duly authorized and validly issued, and, to the extent applicable, are fully paid and nonassessable, and as of the Amendment No. 7 Effective Date there are no outstanding commitments or other obligations of any Restricted Subsidiary to issue, and no rights of any Person to acquire, any Equity Interests in any Restricted Subsidiary.

**Section 5.18 *Governmental Authority and Licensing.*** The Borrower and its Restricted Subsidiaries have received all licenses, permits, and approvals of each Governmental Authority necessary to conduct their businesses, in each case where the failure to obtain or maintain the same would reasonably be expected to have a Material Adverse Effect. No investigation or proceeding that could reasonably be expected to result in revocation or denial of any license, permit or approval is pending or, to the knowledge of the Borrower, threatened in writing, except where such revocation or denial would not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect.

**Section 5.19 *Approvals.*** No authorization, consent, license or exemption from, or filing or registration with, any Governmental Authority, nor any approval or consent of any other Person, is or will be necessary to the valid execution, delivery or performance by the Borrower or any other Loan Party of any Loan Document, except (a) for such approvals which have been obtained prior to the Closing Date and remain in full force and effect, (b) filings necessary to perfect Liens created by the Loan Documents and (c) consents, approvals, registrations, filings, permits or actions the failure to obtain or perform which would not be reasonably expected to have a Material Adverse Effect.

**Section 5.20 *Solvency.*** As of the Amendment No. 7 Effective Date, as applicable, and after giving effect to the Amendment No. 7 Transactions and the incurrence of the indebtedness and obligations being incurred in connection with this Agreement and the Amendment No. 7 Transactions, (a) the fair value of assets of the Borrower and its Subsidiaries is more than the existing debts of the Borrower and its Subsidiaries as they become absolute and matured, (b) the present fair saleable value of the assets of the Borrower and its Subsidiaries is greater than the amount that will be required to pay the probable liability on existing debts of the Borrower and its Subsidiaries as they become absolute and matured, (c) the capital of the Borrower and its Subsidiaries, taken as a whole, is not unreasonably small in relation to the business of the Borrower or its Subsidiaries, taken as a whole, contemplated as of the Amendment No. 7 Effective Date and as proposed to be conducted following the Amendment No. 7 Effective Date; and (d) the Borrower and its Subsidiaries are able to meet their debts as they generally become due. For the purposes of this Section 5.20, the amount of any contingent liability at any time shall be computed as the amount that would reasonably be expected to become an actual and matured liability.

**Section 5.21 *Anti-Corruption Laws, Sanctions and Anti-Money Laundering.***

(a) *Anti-Corruption and Sanctions.* The Borrower has implemented and maintains in effect policies and procedures designed to promote compliance by the Borrower and its Subsidiaries and, in connection with the activities of the Borrower and its Subsidiaries, their respective directors, officers, employees and agents with Anti-Corruption Laws and applicable Sanctions, and the Borrower and its Subsidiaries and, in connection with the activities of the Borrower and its Subsidiaries, their respective directors and officers and, to the knowledge of a Responsible Officer of the Borrower, its employees, agents and Affiliates are in compliance with Anti-Corruption Laws and applicable Sanctions in all material respects. None of (i) the Borrower or its Subsidiaries or any of their respective directors or officers or (ii) to the knowledge of a Responsible Officer of the Borrower, any of the respective employees or Affiliates of the Borrower or any of its Subsidiaries is a Sanctioned Person or located, organized or resident in a Sanctioned Country.

(b) *Patriot Act.* The Borrower and its Restricted Subsidiaries are in compliance in all material respects with the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "*Patriot Act*"), Sanctions, anti-money-laundering laws and Anti-Corruption Laws.

(c) *Use of Proceeds.* The proceeds of any Loans or Letter of Credit will not (x) be made available to any Person, directly or indirectly, (I) for the purpose of financing or facilitating any activity in any Sanctioned Country, or any activity with any Sanctioned Person or (II) in any other manner, in each case as would result in violation of Sanctions by any Person party to this Agreement or (y) be used for any payments to any governmental official or employee, political party, official of a political party, candidate for political office, or anyone else acting in an official capacity, in order to obtain, retain or direct business or obtain any improper advantage, in violation of the U.S. Foreign Corrupt Practices Act, as amended, or any other Anti-Corruption Laws.

**Section 5.22 *Security Interest in Collateral.***

(a) [Reserved].

(b) As of the Amendment No. 7 Effective Date, subject to the terms of the last paragraph of Section 3.3 and other than during a Collateral and Guarantee Suspension Period, the provisions of the Collateral Documents create legal, valid and enforceable Liens on all of the Collateral in favor of the Collateral Agent (or any designee or trustee on its behalf), for the benefit of itself and the other Secured Parties, subject, as to enforceability, to applicable bankruptcy, insolvency or similar laws affecting creditors' rights generally and to general principles of equity and principles of good faith and dealing, and upon the making of such filings and taking of such other actions required to be taken by the applicable Collateral Documents (including the filing of appropriate financing statements with the office of the Secretary of State of the state of organization of each Grantor, the filing of appropriate assignments or notices with the U.S. Patent and Trademark Office and the U.S. Copyright Office, and, to the extent required pursuant to Section 3.3 or Section 4.2 of this Agreement, the proper recordation of Mortgages with respect to any real property (other than Excluded Property), in each case in favor of the Collateral Agent (or any designee or trustee on its behalf) for the benefit of itself and the other Secured Parties and the delivery to the Collateral Agent of any certificates representing Equity Interests or promissory notes required to be delivered pursuant to the applicable Collateral Documents), such Liens constitute perfected Liens (with the priority such Liens are expressed to have within the relevant Collateral Document) on the Collateral (to the extent such Liens are required to be perfected under the terms of the Loan Documents), securing the Obligations, Hedging Liability, and, at the Borrower's option, Funds Transfer Liability, Deposit Account Liability and Data Processing Obligations, in each case as and to the extent set forth therein.

## **ARTICLE 6. COVENANTS**

The Borrower covenants and agrees that, from and after the Escrow Release Date until the Loans or other Obligations hereunder shall have been paid in full and all Letters of Credit have terminated (other than with respect to contingent indemnification obligations for which no claim has been made and Letters of Credit that have been cash collateralized or otherwise backstopped (including by "grandfathering" into future credit agreements)) and the Commitments shall have been terminated (the "Termination Date"):

Section 6.1 *Information Covenants*. The Borrower will furnish to the Administrative Agent (for delivery to the Lenders):

(a) *Quarterly Reports*. Within 45 days after the end of each fiscal quarter of the Borrower not corresponding with the fiscal year end, commencing with the fiscal quarter ending September 30, 2016, the Borrower's consolidated balance sheet as at the end of such fiscal quarter and the related consolidated statements of income, comprehensive income and cash flows for such fiscal quarter and for the elapsed portion of the fiscal year-to-date period then ended, each in reasonable detail, prepared by the

Borrower in accordance with GAAP, and setting forth comparative figures for the corresponding fiscal quarter in the prior fiscal year, all of which shall be certified by the chief financial officer or other financial or accounting officer of the Borrower that they fairly present in all material respects in accordance with GAAP the financial condition of the Borrower and its Subsidiaries as of the dates indicated and the results of their operations and changes in their cash flows for the periods indicated, subject to normal year-end audit adjustments and the absence of footnotes.

(b) *Annual Statements.* Within 90 days after the close of each fiscal year of the Borrower (commencing with the fiscal year ending July 1, 2016), a copy of the Borrower's consolidated balance sheet as of the last day of the fiscal year then ended and the Borrower's consolidated statements of income, comprehensive income, cash flows and shareholders' equity for the fiscal year then ended, and accompanying notes thereto, each in reasonable detail and showing in comparative form the figures for the previous fiscal year, accompanied by a report thereon of KPMG LLP or another firm of independent public accountants of recognized national standing, selected by the Borrower, to the effect that the consolidated financial statements have been prepared in accordance with GAAP and present fairly in accordance with GAAP the consolidated financial condition of the Borrower and its Subsidiaries as of the close of such fiscal year and the results of their operations and cash flows for the fiscal year then ended and that an examination of such accounts in connection with such financial statements has been made in accordance with generally accepted auditing standards (which report shall be unqualified as to scope of such audit and shall not contain any "going concern" or like qualification; *provided* that such report may contain a "going concern" qualification, explanatory paragraph or emphasis solely as a result of an impending maturity within 12 months of any of the Facilities (including Incremental Facilities, Incremental Equivalent Debt and Refinancing Indebtedness in respect of any of the foregoing)).

(c) *Annual Budget.* Within 45 days after the commencement of each fiscal year of the Borrower or 60 days for the first fiscal year after the Escrow Release Date, an annual budget for the Borrower and its Subsidiaries for such fiscal year in a form customarily prepared by management of the Borrower for its internal use (including a projected consolidated balance sheet and consolidated statements of profits and losses and capital expenditures as of the end of and for such fiscal year).

(d) *Management Discussion and Analysis.* Within 45 days after the close of each of the first three (3) fiscal quarters, a management discussion and analysis of the Borrower's and its Subsidiaries' financial performance for that fiscal quarter and a comparison of financial performance for that financial quarter to the corresponding fiscal quarter of the previous fiscal year (in form reasonably acceptable to the Administrative Agent, which shall not be unacceptable solely because it does not contain all of the information required to be included in unaudited interim financial statements by Item 303

of Regulation S-K of the Securities Act of 1933, as amended). Within 90 days after the close of each fiscal year, a management discussion and analysis of the Borrower's and its Subsidiaries' financial performance for that fiscal year and a comparison of financial performance for that fiscal year to the prior year.

(e) *Compliance Certificate*. At the time of the delivery of the financial statements provided for in Sections 6.1(a) and (b), a certificate of the chief financial officer or other financial or accounting officer of the Borrower substantially in the form of Exhibit F (w) stating no Default or Event of Default has occurred and is then continuing or, if a Default or Event of Default exists, a detailed description of the Default or Event of Default and all actions the Borrower is taking with respect to such Default or Event of Default, (x) during a Collateral and Guarantee Period, designating any applicable Domestic Subsidiary as a Material Subsidiary, (y) showing the Borrower's compliance with the covenants set forth in Section 6.22 (including a calculation of Consolidated Adjusted EBITDA without giving effect to the parenthetical in clause (a)(iii) of the definition thereof) and (z) solely in connection with the delivery of financial statements pursuant to Section 6.1(b) for any fiscal year beginning with the first full fiscal year ended after the Escrow Release Date, if the Senior Secured Leverage Ratio calculated on a Pro Forma Basis as of the last day of such fiscal year is greater than 1.00:1.00, calculating Excess Cash Flow for such fiscal year and the Senior Secured Leverage Ratio as of the last day of such fiscal year.

(f) *Notice of Default or Litigation*. Promptly after any senior executive officer of the Borrower obtains knowledge thereof, notice of (i) the occurrence of any event which constitutes a Default or an Event of Default, which notice shall specify the nature thereof, the period of existence thereof and what action the Borrower proposes to take with respect thereto and (ii) the commencement of, or threat in writing of, or any significant development in, any litigation, labor controversy, arbitration or governmental proceeding pending against the Borrower or any of its Restricted Subsidiaries which would reasonably be expected to result in a Material Adverse Effect.

(g) *Other Reports and Filings*. To the extent not required by any other clause in this Section 6.1, promptly, copies of all financial information, proxy materials and other material information which the Borrower or any of its Restricted Subsidiaries has delivered to holders of, or to any agent or trustee with respect to, Indebtedness of the Borrower or any of its Subsidiaries in their capacity as such a holder, agent or trustee to the extent that the aggregate principal amount of such Indebtedness exceeds (or upon the utilization of any unused commitments may exceed) \$350.0 million.

(h) *Pro Forma Adjustment Certificate*. On or before the date an incurrence ratio under this Agreement is to be tested and for which a Pro Forma Adjustment has been made that is in excess of 1.0% of Consolidated Adjusted EBITDA

for the four (4) fiscal quarters of the Borrower then ended and that has not been previously calculated in a prior Compliance Certificate, a certificate of an officer of the Borrower in form reasonably acceptable to the Administrative Agent setting forth the amount of such Pro Forma Adjustment and, in reasonable detail, the calculations and basis therefor, which certificate shall be accompanied by financial statements for such acquired business for each fiscal quarter ending during the relevant period, to the extent available.

(i) *Environmental Matters.* Promptly after the Borrower obtains knowledge thereof, notice of one (1) or more of the following environmental matters which individually, or in the aggregate, may reasonably be expected to have a Material Adverse Effect: (i) any notice of an Environmental Claim against the Borrower or any of its Subsidiaries or any real property owned or operated by the Borrower or any of its Subsidiaries; (ii) any condition or occurrence on or arising from any real property owned or operated by the Borrower or any of its Subsidiaries that (a) results in noncompliance by the Borrower or any of its Subsidiaries with any Environmental Law or (b) could reasonably be expected to form the basis of an Environmental Claim against the Borrower or any of its Subsidiaries or any such real property; (iii) any condition or occurrence on any real property owned or operated by the Borrower or any of its Subsidiaries that could reasonably be expected to cause such real property to be subject to any restrictions on the ownership, occupancy, use or transferability by the Borrower or any of its Subsidiaries of such real property under any Environmental Law; and (iv) any removal or remedial actions to be taken in response to the actual or alleged presence of any Hazardous Material on any real property owned or operated by the Borrower or any of its Subsidiaries as required by any Environmental Law or any Governmental Authority. All such notices shall describe in reasonable detail the nature of the claim, investigation, condition, occurrence or removal or remedial action and the Borrower's or such Subsidiary's response thereto. In addition, the Borrower agrees to provide the Lenders with copies of all material non-privileged written communications by the Borrower or any of its Subsidiaries with any Person or Governmental Authority relating to any of the matters set forth in clauses (i) through (iv) above, and such detailed reports relating to any of the matters set forth in clauses (i) through (iv) above as may reasonably be requested by, and at the expense of, the Administrative Agent or the Required Lenders.

(j) *Other Information.* From time to time, such other information or documents (financial or otherwise) as the Administrative Agent or any Lender (through the Administrative Agent) may reasonably request; *provided* that the Administrative Agent and any Lender (through the Administrative Agent) may request such information in their respective capacities as Administrative Agent and Lender only and may not use such information for any purpose other than a purpose reasonably related to its capacity as Administrative Agent or Lender, as applicable.

Information and documents required to be delivered pursuant to this Section 6.1 may be delivered electronically and if so delivered, shall be deemed to have been delivered on the date (i) on which the Borrower posts such documents, or provides a link thereto on the Borrower's website on the Internet at the website address provided to the Administrative Agent or on an Intralinks or similar site to which the Lenders have been granted access; or (ii) on which such documents are transmitted by electronic mail to the Administrative Agent.

Notwithstanding the foregoing, the obligations in clauses (a), (b) and (d) of this Section 6.1 may be satisfied by furnishing the Borrower's Form 10-K or 10-Q, as applicable, filed with the Securities and Exchange Commission.

The Borrower acknowledges and agrees that all financial statements furnished pursuant to clauses (a) and (b) above are hereby deemed to be Borrower Materials suitable for distribution, and to be made available, to Public Lenders as contemplated by Section 10.25 and may be treated by the Administrative Agent and the Lenders as if the same had been marked "PUBLIC" in accordance with such paragraph (unless the Borrower otherwise notifies the Administrative Agent in writing on or prior to delivery thereof).

**Section 6.2 *Inspections.*** The Borrower will, and will cause each Restricted Subsidiary to, permit officers, designated representatives and agents of the Administrative Agent (or any Lender solely if accompanying the Administrative Agent), to visit and inspect any tangible Property of the Borrower or such Restricted Subsidiary, and to examine the books of account of the Borrower or such Restricted Subsidiary and discuss the affairs, finances and accounts of the Borrower or such Restricted Subsidiary with its and their officers and independent accountants, all at such reasonable times during normal business hours as the Administrative Agent may request, in each case, subject to Section 10.23; *provided* that (i) reasonable prior written notice of any such visit, inspection or examination shall be provided to the Borrower and such visit, inspection or examination shall be performed at reasonable times to be agreed to by the Borrower, which agreement will not be unreasonably withheld, (ii) excluding any such visits and inspections during the continuation of an Event of Default, the Administrative Agent shall not exercise its rights under this Section 6.2 more often than one (1) time during any such fiscal year, the Borrower is not obligated to compensate the Administrative Agent for more than one (1) inspection and examination by the Administrative Agent during any calendar year and any such compensation shall be subject to the limitations of Section 10.13, and (iii) the Administrative Agent may conduct inspections pursuant to this Section 6.2 in its respective capacity as Administrative Agent only and may not conduct inspections or utilize information from such inspections for any purpose other than a purpose reasonably related to its capacity as Administrative Agent. The Administrative Agent shall give the Borrower a reasonable opportunity to participate in any discussions with the Borrower's independent public accountants.

**Section 6.3 *Maintenance of Property, Insurance, Environmental Matters, etc.***

(a) The Borrower will, and will cause each of its Subsidiaries to, (i) keep its tangible property, plant and equipment in good repair, working order and condition, (ii) prosecute, maintain and renew its intellectual property, except to the extent permitted herein, except (A) in the case of clause (i) with respect to normal wear and tear and casualty and condemnation and (B) in the case of clauses (i) and (ii) to the extent that failure to do so would not reasonably be expected to result in a Material Adverse Effect and (iii) maintain in full force and effect with

insurance companies that the Borrower believes are financially sound and reputable insurance against loss or damage of the kinds customarily insured against by Persons engaged in the same or similar business of the Borrower of such types and in such amounts (after giving effect to any self-insurance reasonable and customary for similarly situated Persons engaged in the same or similar businesses as the Borrower and the Restricted Subsidiaries) as are customarily carried under similar circumstances by such other Persons and shall furnish to the Administrative Agent upon its reasonable request (but not more than once per fiscal year in the absence of an Event of Default) reasonably detailed information as to the insurance so carried.

(b) Without limiting the generality of Section 6.3(a), the Borrower and its Subsidiaries: (i) shall comply with, and maintain all real property in compliance with, any Environmental Laws; (ii) shall obtain and maintain in full force and effect all permits issued under Environmental Law required for its operations at or on its facilities; (iii) shall cure as soon as reasonably practicable any material violation of applicable Environmental Laws with respect to any of its real properties; (iv) shall not, and shall not permit any other Person to, own or operate on any of its real properties any landfill or dump or hazardous waste treatment, storage or disposal facility as defined pursuant to the RCRA, or any comparable state law; and (v) shall not use, generate, treat, store, release or dispose of Hazardous Materials at, under, from or on any of the real property except in the ordinary course of its business and in compliance with all Environmental Laws; except, with respect to clauses (i), (ii), (iv) and (v), to the extent, either individually or in the aggregate, all of the same would not be reasonably expected to have a Material Adverse Effect. With respect to any Release of Hazardous Materials, the Borrower and its Restricted Subsidiaries shall conduct any necessary or required investigation, study, sampling and testing, and undertake any cleanup, removal, remedial or other response action necessary to remove, cleanup or abate any material quantity of Hazardous Materials released as required by any applicable Environmental Law.

(c) Other than during a Collateral and Guarantee Suspension Period, if any portion of any Mortgaged Property is at any time located in an area identified by the Federal Emergency Management Agency (or any successor agency) as a special flood hazard area with respect to which flood insurance has been made available under the Flood Insurance Laws, then the Borrower shall, or shall cause each Grantor to (i) maintain, or cause to be maintained, with a financially sound and reputable insurer, flood insurance in an amount and other-wise sufficient to comply with all applicable rules and regulations promulgated pursuant to the Flood Insurance Laws, (ii) cooperate with the Administrative Agent and provide information reasonably required by the Administrative Agent to comply with the Flood Insurance Laws and (iii) deliver to the Administrative Agent evidence of such compliance in form and substance reasonably acceptable to the Administrative Agent, including, without limitation, evidence of annual renewals of such insurance.

Section 6.4 *Books and Records*. The Borrower will, and will cause each Restricted Subsidiary to, maintain proper books of record and account in which entries that are full, true and correct in all material respects

and are in conformity with GAAP consistently applied shall be made of all material financial transactions and matters involving the assets and business of the Borrower or its Restricted Subsidiary, as the case may be.

**Section 6.5 *Preservation of Existence.*** The Borrower will, and will cause each of its Restricted Subsidiaries to, do or cause to be done, all things necessary to preserve and keep in full force and effect (a) its existence under the laws of its jurisdiction of organization and (b) its franchises, authority to do business and governmental licenses, except, (i) in the case of clause (a) with respect to each Restricted Subsidiary and (ii) in the case of clause (b), in each case, where the failure to do so would not reasonably be expected to have a Material Adverse Effect; *provided, however*, that nothing in this Section 6.5 shall prevent the Borrower or any Restricted Subsidiary from consummating any transaction permitted by Section 6.16.

**Section 6.6 *Compliance with Laws.*** The Borrower shall, and shall cause each Restricted Subsidiary to, comply in all respects with the requirements of all laws, rules, regulations, ordinances and orders applicable to its property or business operations of any Governmental Authority, where any such non-compliance, individually or in the aggregate, would reasonably be expected to have a Material Adverse Effect or result in a Lien upon any of its Property (other than a Permitted Lien). The Borrower will maintain in effect and enforce policies and procedures designed to promote compliance by the Borrower, its Subsidiaries and their respective directors, officers and employees in connection with the Borrower or its Subsidiaries with Anti-Corruption Laws, applicable Sanctions and the Patriot Act and other applicable anti-money laundering laws.

**Section 6.7 *ERISA.*** The Borrower shall, and shall cause each Subsidiary to, promptly pay and discharge all obligations and liabilities arising under ERISA of a character which if unpaid or unperformed would reasonably be expected to have a Material Adverse Effect. The Borrower shall, and shall cause each Subsidiary to, promptly notify the Administrative Agent of: (a) the occurrence of any Reportable Event with respect to a Plan, (b) receipt of any notice from the PBGC of its intention to seek termination of any Plan or appointment of a trustee therefor and (c) its intention to terminate or withdraw from any Plan, in each case, except as could not reasonably be expected to have a Material Adverse Effect.

**Section 6.8 *Payment of Taxes.*** The Borrower will, and will cause each of its Restricted Subsidiaries to, pay and discharge all material Taxes (whether or not shown on any Tax return, and including in its capacity as withholding agent) imposed upon it or any of its Property, before becoming delinquent and before any material penalties accrue thereon, unless and to the extent that (a) such Taxes are being contested in good faith and by proper proceedings and as to which appropriate reserves are provided in accordance with GAAP or (b) the failure to pay such Taxes could not be reasonably expected, either individually or in the aggregate, to have a Material Adverse Effect.

**Section 6.9 *Designation of Subsidiaries.*** The Borrower may at any time after the Escrow Release Date designate (or re-designate) any existing or subsequently acquired or organized Restricted Subsidiary of the Borrower as an Unrestricted Subsidiary and designate (or re-designate) any Unrestricted Subsidiary as a Restricted Subsidiary; *provided* that (i) immediately before and after such designation or re-designation on a Pro Forma Basis, no Event of Default shall have occurred and be continuing (including after the reclassification of investments in, Indebtedness of, and Liens on, the applicable Subsidiary or its assets) and (ii) immediately after giving effect to such designation or re-designation, the Borrower and its Restricted Subsidiaries shall be in compliance, on a Pro Forma Basis, with the covenants set forth in Section 6.22 recomputed as of the last day of the most recent period for which financial statements have been or were required to be delivered pursuant to Section 6.1(a) or (b). The designation (or re-designation) of any Subsidiary as an Unrestricted Subsidiary after the Escrow Release Date shall constitute an investment by the Borrower therein at the date of designation (or re-designation) in an amount equal to the fair market value of the Borrower's or its Restricted Subsidiary's (as applicable) investment therein. Such designation (or re-designation) will be permitted only if an investment in such amount would be

permitted at such time pursuant to Section 6.17. Unrestricted Subsidiaries will not be subject to any of the mandatory prepayments, representations and warranties, covenants or Events of Default set forth in the Loan Documents.

**Section 6.10 *Use of Proceeds*.** The Borrower shall use the proceeds of the Revolving Loans on or after the Amendment No. 7 Effective Date for working capital needs and for other general corporate purposes of the Borrower and its Subsidiaries; *provided* that in no event shall the proceeds of any Revolving Loan be used to finance, in whole or in part, a Hostile Acquisition. The Borrower and its Subsidiaries shall use the proceeds of the Incremental Facilities for working capital and other general corporate purposes, including the financing of Permitted Acquisitions and other investments and any other use not prohibited by the Loan Documents. The Borrower shall use the proceeds of the U.S. Term B-3 Loans on the Amendment No. 5 Effective Date to refinance the U.S. Term B-2 Loans. The Borrower shall use the proceeds of the Term A-1 Loans on the Amendment No. 7 Effective Date, together with the proceeds of the 2024 Convertible Notes and the 2026 Senior Unsecured Notes, to refinance the Term A Loans, to defease, discharge, repurchase or otherwise redeem the Senior Notes and to pay fees and expenses incurred in connection with the Amendment No. 7 Transactions. The Borrower shall use the proceeds of the U.S. Term B-4 Loans on the Amendment No. 8 Effective Date to refinance the U.S. Term B-3 Loans. The proceeds of any Loans or Letter of Credit will not (x) be made available to any Person, directly or indirectly, (I) for the purpose of financing or facilitating any activity in any Sanctioned Country, or any activity with any Sanctioned Person or (II) in any other manner, in each case as would result in violation of Sanctions by any Person party to this Agreement or (y) be used for any payments to any governmental official or employee, political party, official of a political party, candidate for political office, or anyone else acting in an official capacity, in order to obtain, retain or direct business or obtain any improper advantage, in violation of the U.S. Foreign Corrupt Practices Act, as amended, or any other Anti-Corruption Laws.

**Section 6.11 *Transactions with Affiliates*.** Solely during a Secured Covenants Period, the Borrower shall not, nor shall it permit any Restricted Subsidiary to, enter into any contract, agreement or business arrangement with any of its Affiliates (other than between or among the Borrower and/or its Restricted Subsidiaries including any entity that becomes a Restricted Subsidiary as a result of such transaction), except on terms that are not materially less favorable to the Borrower or such Restricted Subsidiary as would have been obtained in a comparable arm's-length transaction with a Person that is not an Affiliate; *provided* that the foregoing restrictions shall not apply to:

- (a) individual transactions with an aggregate value of less than \$30 million;
- (b) transactions permitted by Sections 6.17 and 6.18;
- (c) the issuance of capital stock or other Equity Interests of the Borrower or other payment to the management of the Borrower or any of its Restricted Subsidiaries in connection with the Transactions, pursuant to arrangements described in the following clause (e), or otherwise to the extent permitted under this Article 6;
- (d) employment and severance arrangements and health, disability and similar insurance or benefit plans between the Borrower and the Restricted Subsidiaries and their respective directors, officers, employees (including management and employee benefit plans or agreements, subscription agreements or similar agreements pertaining to the repurchase of capital stock pursuant to put/call rights or similar rights with current or

former employees, officers or directors and stock option or incentive plans and other compensation arrangements) in the ordinary course of business or as otherwise approved by the board of directors (or similar governing body) of the Borrower;

(e) the payment of customary fees and reasonable out-of-pocket costs to, and indemnities provided on behalf of, directors, managers, consultants, officers and employees of the Borrower and the Restricted Subsidiaries in the ordinary course of business;

(f) transactions with joint ventures for the purchase and sale of goods, equipment or services or use of equipment or services entered into in the ordinary course of business;

(g) transactions pursuant to any binding agreement or commitment or executed agreement in existence on the Amendment No. 7 Effective Date as set forth on Schedule 6.11 and any amendment thereto to the extent such an amendment is not adverse, taken as a whole, to the Lenders in any material respect as compared to the applicable agreement as in effect on the Amendment No. 7 Effective Date;

(h) [reserved];

(i) loans and other transactions among the Borrower and its Subsidiaries to the extent permitted under this Article 6; *provided* that any Indebtedness of any Loan Party owed to a Subsidiary that is not a Loan Party shall be subordinated in right of payment to the Obligations (it being understood that payments shall be permitted thereon unless an Event of Default has occurred and is continuing);

(j) payments or loans (or cancellation of loans) to directors, officers, employees, members of management or consultants of the Borrower or any of its Restricted Subsidiaries which are approved by a majority of the board of directors of the Borrower in good faith;

(k) the Transactions;

(l) payments to or from, and any transactions (including without limitation, any cash management activities related thereto) with, (x) Flash Partners Ltd., Flash Alliance Ltd., Flash Forward Ltd. or any other joint venture with Toshiba Corporation or Toshiba Memory Corporation (or any of their Affiliates) or (y) other joint ventures or similar entities which would be subject to this Section 6.11 solely because the Borrower or a Restricted Subsidiary owns an equity interest in or otherwise controls such Person;

(m) transactions with customers, clients, suppliers or purchasers or sellers of goods or services, or transactions otherwise relating to the purchase or sale of goods or services, in each case in the ordinary course of business and otherwise in compliance with the terms of this Agreement, which are fair to Borrower and the Restricted Subsidiaries in the reasonable determination of the senior management of Borrower, or are on terms at least as favorable as might reasonably have been obtained at such time from an unaffiliated party; and

(n) any other transaction with an Affiliate, which is approved by a majority of disinterested members of the board of directors (or equivalent governing body) of the Borrower in good faith.

**Section 6.12 *No Changes in Fiscal Year.*** The Borrower shall not, nor shall it permit any Restricted Subsidiary to, change its fiscal year for financial reporting purposes from its present basis; *provided* that the Borrower and its Restricted Subsidiaries may change their fiscal year end one time (with one additional change for purposes of aligning the fiscal year of the Target Company and its Subsidiaries with the current fiscal year of the Borrower or the fiscal year of the Borrower and its Subsidiaries with the fiscal year of the Target Company and any additional changes consented to by the Administrative Agent), subject to any adjustments to this Agreement that are necessary in order to reflect such change in financial reporting (and the parties hereto hereby authorize the Borrower and the Administrative Agent to make any such amendments to this Agreement as they jointly deem necessary to give effect to the foregoing).

**Section 6.13 *Change in the Nature of Business.*** The Borrower and its Restricted Subsidiaries, taken as a whole, will not fundamentally and substantively alter the character of their business, taken as a whole, from the business conducted by the Borrower on the Escrow Release Date and other business activities which are extensions thereof or otherwise incidental or related or ancillary to any of the foregoing.

**Section 6.14 *Indebtedness.*** (I) Solely during a Secured Covenants Period, the Borrower will not, and will not permit any of its Restricted Subsidiaries to, contract, create, incur, assume or suffer to exist any Indebtedness, except;

(a) Indebtedness created under this Agreement (including pursuant to Section 2.14, Section 2.15 and Section 2.16) and under the other Loan Documents (and any Refinancing Notes incurred to refinance such Indebtedness), Hedging Liability (other than for speculative purposes) and Funds Transfer Liability, Deposit Account Liability and Data Processing Obligations of the Borrower and its Restricted Subsidiaries;

(b) Indebtedness owed pursuant to Hedge Agreements entered into in the ordinary course of business and not for speculative purposes with Persons other than Lenders (or their Affiliates);

(c) intercompany Indebtedness among the Borrower and its Restricted Subsidiaries to the extent permitted by Section 6.17;

(d) (i) Indebtedness (including Capitalized Lease Obligations and other Indebtedness arising under Capital Leases) the proceeds of which are used to finance the acquisition, lease, construction, repair, replacement, expansion or improvement of fixed or capital assets or otherwise incurred in respect of capital expenditures, whether through the direct purchase of assets or the purchase of capital stock of any Person owning such assets and (ii) Indebtedness incurred in connection with the leases of precious metals and/or commodities; *provided* that, the aggregate principal amount of Indebtedness outstanding under this clause (d), together with any Refinancing Indebtedness incurred under clause (r) below in respect thereof, shall not exceed the greater of \$500 million and 2.50% of Consolidated Total Assets (measured as of the date such Indebtedness is issued or incurred and based upon the financial statements most recently delivered on or prior to such date pursuant to Section 6.1(a) or (b), but giving effect to any Specified Transaction occurring thereafter and on or prior to the date of determination);

(e) Indebtedness of the Borrower and its Restricted Subsidiaries not otherwise permitted by this Section 6.14(I); *provided* that the aggregate amount of Indebtedness outstanding under this clause (e) shall not exceed the greater of \$500 million and 2.50% of Consolidated Total Assets (measured as of the date such Indebtedness is issued or incurred and based upon the financial statements most recently delivered on or prior to such date pursuant to Section 6.1(a) or (b), but giving effect to any Specified Transaction occurring thereafter and on or prior to the date of determination);

(f) Contingent Obligations incurred by (i) any Restricted Subsidiary in respect of Indebtedness of the Borrower or any other Restricted Subsidiary that is permitted to be incurred under this Agreement and (ii) the Borrower in respect of Indebtedness of any Restricted Subsidiary that is permitted to be incurred under this Agreement; *provided* that any such Contingent Obligations incurred by the Borrower or any Loan Party with respect to Indebtedness incurred by any Restricted Subsidiary that is not a Loan Party, must be permitted by Section 6.17;

(g) Contingent Obligations incurred in the ordinary course of business in respect of obligations to suppliers, customers, franchisees, lessors, licensees or distribution partners;

(h) (i) unsecured (other than vendor's liens arising by operation of law) Indebtedness in respect of obligations of the Borrower or any Restricted Subsidiary to pay the deferred purchase price of goods or services or progress payments in connection with such goods and services; *provided* that such obligations are incurred in connection with open accounts extended by suppliers on customary trade terms in the ordinary course of business and not in connection with the borrowing of money or any

Hedge Agreements and (ii) unsecured Indebtedness in respect of intercompany obligations of the Borrower or any Restricted Subsidiary in respect of accounts payable incurred in connection with goods sold or services rendered in the ordinary course of business and not in connection with the borrowing of money;

(i) Indebtedness arising from agreements of the Borrower or any Restricted Subsidiary providing for earn outs, indemnification, adjustment of purchase price or similar obligations, in each case, entered into in connection with the disposition of any business, assets or capital stock permitted hereunder, other than Contingent Obligations incurred by any Person acquiring all or any portion of such business, assets or capital stock for the purpose of financing such acquisition;

(j) Indebtedness arising from agreements of the Borrower or any Restricted Subsidiary providing for earn outs, indemnification, adjustment of purchase price or similar obligations, in each case, entered into in connection with the Transactions and any Permitted Acquisitions or other investments permitted under Section 6.17;

(k) Indebtedness in respect of performance bonds, bid bonds, appeal bonds, surety bonds, performance and completion guarantees and similar obligations incurred in the ordinary course of business and not in connection with the borrowing of money or Hedge Agreements;

(l) Indebtedness of the Borrower or any Restricted Subsidiary consisting of (i) obligations to pay insurance premiums or (ii) take or pay obligations contained in supply agreements, in each case arising in the ordinary course of business and not in connection with the borrowing of money or Hedge Agreements;

(m) Indebtedness representing deferred compensation or similar arrangements to employees, consultants or independent contractors of the Borrower and its Restricted Subsidiaries incurred in the ordinary course of business or otherwise incurred in connection with the consummation of the Transactions or any Permitted Acquisition or other investment whether consummated prior to the Escrow Release Date or permitted under Section 6.17;

(n) Indebtedness consisting of promissory notes issued to current or former officers, managers, consultants, directors and employees (or their respective spouses, former spouses, successors, executors, administrators, heirs, legatees or distributees) to finance the purchase or redemption of capital stock of the Borrower permitted by Section 6.18;

(o) Indebtedness in respect of Cash Management Services, netting services, automatic clearing house arrangements, employees' credit or purchase cards,

overdraft protections and similar arrangements in each case incurred in the ordinary course of business;

(p) Indebtedness in existence on the Amendment No. 7 Effective Date and if such Indebtedness is in excess of \$50 million as set forth in all material respects on Schedule 6.14 and intercompany Indebtedness in existence on the Amendment No. 7 Effective Date;

(q) Indebtedness incurred by the Borrower or any Restricted Subsidiary constituting reimbursement obligations with respect to bankers' acceptances and letters of credit issued in the ordinary course of business, including letters of credit in respect of workers' compensation laws, unemployment insurance laws or similar legislation, or other Indebtedness with respect to reimbursement type obligations regarding workers' compensation laws, unemployment insurance laws or similar legislation; *provided, however*, that upon the drawing of such bankers' acceptances and letters of credit or the incurrence of such Indebtedness, such obligations are reimbursed within 30 days following such drawing or incurrence;

(r) the incurrence by the Borrower or any Restricted Subsidiary of Refinancing Indebtedness which serves to refund or refinance any Indebtedness permitted under clauses (d), (p) (other than the Senior Secured Notes and the Senior Unsecured Notes listed on Schedule 6.14), (s), (u), (v), (w), (x), (y), (aa), (hh) and (ii) of this Section 6.14(I);

(s) Indebtedness of (x) the Borrower or any Subsidiary incurred to finance a permitted Acquisition or (y) Persons that are acquired by the Borrower or any Restricted Subsidiary or merged into the Borrower or a Restricted Subsidiary in a permitted Acquisition in accordance with the terms of this Agreement or that is assumed by the Borrower or any Restricted Subsidiary in connection with such permitted Acquisition; *provided* that such Indebtedness under this clause (y) is not incurred in contemplation of such permitted Acquisition; *provided further* that:

(A) no Default exists or shall result therefrom;

(B) any Indebtedness incurred in reliance on clause (x) of this Section 6.14(I)(s) shall not be secured by a Lien and shall not mature or require any payment of principal, in each case, prior to the date which is 91 days after the Term B Termination Date;

(C) in the case of any Indebtedness incurred in reliance on clause (x) of this Section 6.14(I)(s) the aggregate principal amount of such Indebtedness that is secured by any Lien, together with all

Refinancing Indebtedness in respect thereof, shall not exceed \$200 million; and

(D) subject to subclause (C) above, immediately prior to, and after giving effect to such permitted Acquisition, at the Borrower's option either on the date of execution of the related acquisition agreement or on the date such Acquisition is consummated, the Borrower and its Restricted Subsidiaries shall be in compliance, on a Pro Forma Basis, with the covenants set forth in Section 6.22 recomputed as of the last day of the most recently completed period for which financial statements have been or were required to be delivered pursuant to Section 6.1(a) or (b);

(t) Indebtedness of the Borrower or any of its Restricted Subsidiaries supported by a letter of credit in a principal amount not to exceed the face amount of such letter of credit;

(u) secured or unsecured loans or notes issued in lieu of Incremental Facilities (such loans or notes, "*Incremental Equivalent Debt*"); *provided* that if secured (i) is secured only by the Collateral and on a *pari passu* or junior basis with the Obligations and (ii) is subject to customary intercreditor arrangements reasonably satisfactory to the Administrative Agent and *provided, further* that any such Incremental Equivalent Debt (x) otherwise satisfies clauses (A), (B), (E), (F), (H) (solely with respect to such additional secured Indebtedness in the form of term loans that are secured on a *pari passu* basis with the Obligations), (I), (J), (K) and (N) of Section 2.14(a) as if such Incremental Equivalent Debt were an Incremental Facility and (y) together with any Incremental Facility, does not exceed the Incremental Cap;

(v) senior subordinated or subordinated unsecured Indebtedness of the Borrower or any of the Loan Parties; *provided* that (i) the terms of such Indebtedness (excluding pricing, fees, rate floors, optional prepayment or redemption terms and subordination terms (such subordination terms to be on current market terms)) are not, when taken as a whole, materially more favorable (as reasonably determined by the Borrower in good faith) to the lenders providing such Indebtedness than those applicable to the Facilities (other than any covenants or any other provisions applicable only to periods after the Final Maturity Date (in each case, as of the incurrence of such Indebtedness)) or is otherwise on current market terms for such type of Indebtedness (as reasonably determined by the Borrower in good faith), (ii) such Indebtedness has a final scheduled maturity date no earlier than the Term B Termination Date then in effect, (iii) such Indebtedness has a Weighted Average Life to Maturity no shorter than that of any Term B Facility and (iv) such Indebtedness is guaranteed only by the Loan Parties; *provided further* that, after giving effect thereto, (A) the Leverage Ratio does not exceed the greater of the Leverage Ratio that is 0.25x less than the then-applicable Leverage

Ratio required under Section 6.22(a) hereof (prior to giving effect to Amendment No. 9) and 3.75 to 1.00, in each case calculated on a Pro Forma Basis as of the last day of the most recently ended period of four consecutive fiscal quarters for which financial statements have been or were required to be delivered pursuant to Section 6.1(a) or (b) and (B) no Default or Event of Default under Section 7.1(a), 7.1(j) or 7.1(k) hereof shall have occurred and be continuing or would result therefrom;

(w) senior unsecured Indebtedness of the Borrower or any of its Restricted Subsidiaries; *provided* that (i) the terms of such Indebtedness (excluding pricing, fees, rate floors, optional prepayment or redemption terms and subordination terms (such subordination terms to be on current market terms)) are not, when taken as a whole, materially more favorable (as reasonably determined by the Borrower in good faith) to the lenders providing such Indebtedness than those applicable to the Facilities (other than any covenants or any other provisions applicable only to periods after the Final Maturity Date (in each case, as of the incurrence of such Indebtedness)) or is otherwise on current market terms for such type of Indebtedness (as reasonably determined by the Borrower in good faith), (ii) such Indebtedness has a final scheduled maturity date no earlier than the Term B Termination Date then in effect, (iii) such Indebtedness has a Weighted Average Life to Maturity no shorter than that of any Term B Facility, (iv) the maximum aggregate principal amount of such Indebtedness by non-Loan Parties, together with any Indebtedness incurred under clause (ii) in the first proviso in Section 6.14(I)(x) below, does not exceed the greater of \$300 million and 1.00% of Consolidated Total Assets and (v) subject to the preceding clause (iv), such Indebtedness is guaranteed only by the Loan Parties; *provided further* that, after giving effect thereto, (i) the Leverage Ratio does not exceed the greater of the Leverage Ratio that is 0.25x less than the then-applicable Leverage Ratio required under Section 6.22(a) hereof (prior to giving effect to Amendment No. 9) and 3.75 to 1.00, in each case calculated on a Pro Forma Basis as of the last day of the most recently ended period of four consecutive fiscal quarters for which financial statements have been or were required to be delivered pursuant to Section 6.1(a) or (b) and (ii) no Default or Event of Default under Section 7.1(a), 7.1(j) or 7.1(k) hereof shall have occurred and be continuing or would result therefrom;

(x) additional secured Indebtedness of the Borrower or any of its Restricted Subsidiaries; *provided* that (i) after giving effect thereto, the Senior Secured Leverage Ratio does not exceed 2.50:1.00, calculated on a Pro Forma Basis as of the last day of the most recently ended period of four consecutive fiscal quarters for which financial statements have been or were required to be delivered pursuant to Section 6.1(a) or (b), (ii) the maximum aggregate principal amount of such Indebtedness by non-Loan Parties, together with any Indebtedness incurred under clause (iv) in the first proviso in Section 6.14(I)(w) above, does not exceed the greater of \$300 million and 1.00% of Consolidated Total Assets and (iii) subject to the preceding clause (ii), such Indebtedness

is guaranteed only by the Loan Parties; *provided further* that (A) no Default or Event of Default under Section 7.1(a), 7.1(j) or 7.1(k) hereof shall have occurred and be continuing or would result therefrom and (B) such Indebtedness (x) is secured by the Collateral only, (y) otherwise satisfies clauses (A), (B), (E), (F), (H) (solely with respect to such additional secured Indebtedness in the form of term loans (other than term A loans) that are secured on a *pari passu* basis with the Obligations), (I), (J), (K) and (N) of Section 2.14(a) as if such Indebtedness were an Incremental Facility and (z) is subject to an intercreditor agreement substantially similar to the Intercreditor Agreement (with respect to *pari passu* debt) or other intercreditor arrangements reasonably satisfactory to the Administrative Agent;

(y) additional Indebtedness of the Borrower or any of its Restricted Subsidiaries that are not Loan Parties; *provided* that the aggregate principal amount of Indebtedness outstanding under this clause (y), together with any Refinancing Indebtedness incurred under clause (r) above in respect thereof, shall not exceed the greater of \$400 million and 1.25% of Consolidated Total Assets, measured as of the date such Indebtedness is issued or incurred and based upon the financial statements most recently delivered on or prior to such date pursuant to Section 6.1, but giving effect to any Specified Transaction occurring thereafter and on or prior to the date of determination;

(z) [reserved];

(aa) Indebtedness represented by the (i) 2024 Convertible Notes and (ii) the 2026 Senior Unsecured Notes;

(bb) [reserved];

(cc) endorsement of negotiable instruments for deposit or collection or similar transactions in the ordinary course of business;

(dd) obligations of the Borrower or any of its Restricted Subsidiaries incurred in connection with rebate programs;

(ee) Permitted Receivables Financing shall not to exceed \$1,000 million at any time outstanding;

(ff) Indebtedness represented by the Convertible Notes;

(gg) Indebtedness of the Borrower or any Restricted Subsidiary undertaken in connection with cash management and related activities with respect to any Subsidiary in the ordinary course of business;

(hh) Indebtedness including working capital facilities, asset-level financings, Capitalized Lease Obligations and purchase money indebtedness incurred by any Foreign Subsidiary of the Borrower; *provided* that the amount of Indebtedness outstanding under this clause (hh), together with any Refinancing Indebtedness in respect thereof incurred pursuant to clause (r) above shall not exceed \$500 million and 2.50% of Foreign Subsidiary Total Assets;

(ii) Indebtedness incurred in connection with any sale-leaseback transaction, together with any Refinancing Indebtedness in respect thereof incurred pursuant to clause (r) above shall not exceed \$1,000 million; and

(jj) all customary premiums (if any), interest (including post-petition interest), fees, expenses, charges and additional or contingent interest on obligations described in each of Section 6.14(I)(a) through 6.14(I)(ii) above.

(II) When an Unsecured Covenants Period is in effect, the Borrower will not, and will not permit any of its Restricted Subsidiaries to, contract, create, incur, assume or suffer to exist any Indebtedness, except;

(a) Indebtedness created under this Agreement (including pursuant to Section 2.14, Section 2.15 and Section 2.16) and under the other Loan Documents (and any Refinancing Notes incurred to refinance such Indebtedness), Hedging Liability (other than for speculative purposes) and Funds Transfer Liability, Deposit Account Liability and Data Processing Obligations of the Borrower and its Restricted Subsidiaries;

(b) Indebtedness owed pursuant to Hedge Agreements entered into in the ordinary course of business and not for speculative purposes with Persons other than Lenders (or their Affiliates);

(c) intercompany Indebtedness among the Borrower and its Restricted Subsidiaries to the extent permitted by Section 6.17;

(d) (i) Indebtedness (including Capitalized Lease Obligations and other Indebtedness arising under Capital Leases) the proceeds of which are used to finance the acquisition, lease, construction, repair, replacement, expansion or improvement of fixed or capital assets or otherwise incurred in respect of capital expenditures, whether through the direct purchase of assets or the purchase of capital stock of any Person owning such assets and (ii) Indebtedness incurred in connection with the leases of precious metals and/or commodities; *provided* that, the aggregate principal amount of Indebtedness outstanding under this clause (d), together with any Refinancing Indebtedness incurred under clause (r) below in respect thereof, shall not exceed the greater of \$500 million and 2.50% of Consolidated Total Assets (measured as of the date such Indebtedness is issued or incurred and based upon the financial statements most

recently delivered on or prior to such date pursuant to Section 6.1(a) or (b), but giving effect to any Specified Transaction occurring thereafter and on or prior to the date of determination);

(e) Indebtedness (other than Priority Debt) of the Borrower and its Restricted Subsidiaries not otherwise permitted by this Section 6.14(II); *provided* that the aggregate amount of Indebtedness outstanding under this clause (e) shall not exceed the greater of \$500 million and 2.50% of Consolidated Total Assets (measured as of the date such Indebtedness is issued or incurred and based upon the financial statements most recently delivered on or prior to such date pursuant to Section 6.1(a) or (b), but giving effect to any Specified Transaction occurring thereafter and on or prior to the date of determination);

(f) Contingent Obligations incurred by (i) any Restricted Subsidiary in respect of Indebtedness of the Borrower or any other Restricted Subsidiary that is permitted to be incurred under this Agreement and (ii) the Borrower in respect of Indebtedness of any Restricted Subsidiary that is permitted to be incurred under this Agreement;

(g) Contingent Obligations incurred in the ordinary course of business in respect of obligations to suppliers, customers, franchisees, lessors, licensees or distribution partners;

(h) (i) unsecured (other than vendor's liens arising by operation of law) Indebtedness in respect of obligations of the Borrower or any Restricted Subsidiary to pay the deferred purchase price of goods or services or progress payments in connection with such goods and services; *provided* that such obligations are incurred in connection with open accounts extended by suppliers on customary trade terms in the ordinary course of business and not in connection with the borrowing of money or any Hedge Agreements and (ii) unsecured Indebtedness in respect of intercompany obligations of the Borrower or any Restricted Subsidiary in respect of accounts payable incurred in connection with goods sold or services rendered in the ordinary course of business and not in connection with the borrowing of money;

(i) Indebtedness arising from agreements of the Borrower or any Restricted Subsidiary providing for earn outs, indemnification, adjustment of purchase price or similar obligations, in each case, entered into in connection with the disposition of any business, assets or capital stock permitted hereunder, other than Contingent Obligations incurred by any Person acquiring all or any portion of such business, assets or capital stock for the purpose of financing such acquisition;

(j) Indebtedness arising from agreements of the Borrower or any Restricted Subsidiary providing for earn outs, indemnification, adjustment of purchase price or similar obligations, in each case, entered into in connection with the Transactions and any Permitted Acquisitions or other investments permitted under Section 6.17;

(k) Indebtedness in respect of performance bonds, bid bonds, appeal bonds, surety bonds, performance and completion guarantees and similar obligations incurred in the ordinary course of business and not in connection with the borrowing of money or Hedge Agreements;

(l) Indebtedness of the Borrower or any Restricted Subsidiary consisting of (i) obligations to pay insurance premiums or (ii) take or pay obligations contained in supply agreements, in each case arising in the ordinary course of business and not in connection with the borrowing of money or Hedge Agreements;

(m) Indebtedness representing deferred compensation or similar arrangements to employees, consultants or independent contractors of the Borrower and its Restricted Subsidiaries incurred in the ordinary course of business or otherwise incurred in connection with the consummation of the Transactions or any Permitted Acquisition or other investment whether consummated prior to the Escrow Release Date or permitted under Section 6.17;

(n) Indebtedness consisting of promissory notes issued to current or former officers, managers, consultants, directors and employees (or their respective spouses, former spouses, successors, executors, administrators, heirs, legatees or distributees) to finance the purchase or redemption of capital stock of the Borrower permitted by Section 6.18;

(o) Indebtedness in respect of Cash Management Services, netting services, automatic clearing house arrangements, employees' credit or purchase cards, overdraft protections and similar arrangements in each case incurred in the ordinary course of business;

(p) Indebtedness in existence on the Amendment No. 7 Effective Date and if such Indebtedness is in excess of \$50 million as set forth in all material respects on Schedule 6.14 and intercompany Indebtedness in existence on the Amendment No. 7 Effective Date;

(q) Indebtedness incurred by the Borrower or any Restricted Subsidiary constituting reimbursement obligations with respect to bankers' acceptances and letters of credit issued in the ordinary course of business, including letters of credit in respect of workers' compensation laws, unemployment insurance laws or similar legislation, or other Indebtedness with respect to reimbursement type obligations

regarding workers' compensation laws, unemployment insurance laws or similar legislation; *provided, however*, that upon the drawing of such bankers' acceptances and letters of credit or the incurrence of such Indebtedness, such obligations are reimbursed within 30 days following such drawing or incurrence;

(r) the incurrence by the Borrower or any Restricted Subsidiary of any Refinancing Indebtedness with respect to any Indebtedness permitted under clauses (d), (p), (w), (x), (aa) and (ii) of this Section 6.14(II);

(s) [reserved];

(t) Indebtedness of the Borrower or any of its Restricted Subsidiaries supported by a letter of credit in a principal amount not to exceed the face amount of such letter of credit;

(u) [reserved];

(v) [reserved];

(w) unsecured Indebtedness of the Borrower ranking pari passu with or junior to, or that is subordinated to, the Obligations subject to Pro Forma Compliance with Section 6.22 after giving effect to the incurrence of such Indebtedness;

(x) (i) Indebtedness for borrowed money (including any guaranty of Indebtedness for borrowed money) of the Borrower or any Restricted Subsidiary that is secured by Liens on Property of the Borrower or any Restricted Subsidiary and (ii) Indebtedness for borrowed money (including any guaranty of Indebtedness for borrowed money) of Restricted Subsidiaries that are not Guarantors (collectively, "*Priority Debt*"); *provided* that the amount of Indebtedness at any time outstanding under this clause (x) shall not exceed the greater of \$2,000 million and 12.5% of Consolidated Total Assets; *provided further* that "*Priority Debt*" shall exclude (A) any Indebtedness of the Borrower or any of the Restricted Subsidiaries owing to the Borrower or a Restricted Subsidiary and (B) for the avoidance of doubt, any Indebtedness incurred under clauses (d), (ee) and (ii) of this Section 6.14(II);

(y) [reserved];

(z) [reserved];

(aa) Indebtedness represented by the (i) 2024 Convertible Notes and (ii) the 2026 Senior Unsecured Notes;

(bb) [reserved];

- (cc) endorsement of negotiable instruments for deposit or collection or similar transactions in the ordinary course of business;
- (dd) obligations of the Borrower or any of its Restricted Subsidiaries incurred in connection with rebate programs;
- (ee) Permitted Receivables Financing shall not to exceed \$1,000 million at any time outstanding;
- (ff) Indebtedness represented by the Convertible Notes;
- (gg) Indebtedness of the Borrower or any Restricted Subsidiary undertaken in connection with cash management and related activities with respect to any Subsidiary in the ordinary course of business;
- (hh) [reserved];
- (ii) Indebtedness incurred in connection with any sale-leaseback transaction, together with any Refinancing Indebtedness in respect thereof incurred pursuant to clause (r) above shall not exceed \$1,000 million; and
- (jj) all customary premiums (if any), interest (including post-petition interest), fees, expenses, charges and additional or contingent interest on obligations described in each of Section 6.14(II)(a) through 6.14(II)(ii) above.

For purposes of determining compliance with this Section 6.14 or Section 6.15, the amount of any Indebtedness denominated in any currency other than Dollars shall be calculated based on customary currency exchange rates in effect on the date on which such Indebtedness was incurred (in respect of term Indebtedness) or committed (in respect of revolving Indebtedness); *provided* that if such Indebtedness is incurred to refinance other Indebtedness denominated in a currency other than Dollars (or in a different currency from the Indebtedness being refinanced), and such refinancing would cause the applicable Dollar-denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such Dollar-denominated restriction shall not be deemed to have been exceeded so long as the principal amount of such refinancing Indebtedness does not exceed (i) the outstanding or committed principal amount, as applicable, of such Indebtedness being refinanced *plus* (ii) the aggregate amount of fees, underwriting discounts, premiums (including tender premiums), defeasance costs and other costs and expenses incurred in connection with such refinancing.

Further, for purposes of determining compliance with this Section 6.14, (A) Indebtedness need not be permitted solely by reference to one category of

permitted Indebtedness (or any portion thereof) described in this Section 6.14 but may be permitted in part under any relevant combination thereof (and subject to compliance, where relevant, with Section 6.15) and (B) in the event that an item of Indebtedness (or any portion thereof) meets the criteria of one or more of the categories of permitted Indebtedness (or any portion thereof) described in this Section 6.14, the Borrower may, in its sole discretion, classify or divide such item of Indebtedness (or any portion thereof) in any manner that complies with this Section 6.14 and will be entitled to only include the amount and type of such item of Indebtedness (or any portion thereof) in one of the above clauses (or any portion thereof) and such item of Indebtedness (or any portion thereof) shall be treated as having been incurred or existing pursuant only to such clause or clauses (or any portion thereof); *provided* that all Indebtedness outstanding under this Agreement shall at all times be deemed to have been incurred pursuant to clause (I)(a) or (II)(a), as applicable, of this Section 6.14.

Notwithstanding the foregoing (but subject to the provisions of Section 9.12 following a Secured Covenant Reinstatement Event), solely during a Secured Covenants Period, the Borrower will not permit Indebtedness (other than intercompany Indebtedness that is subordinated to such other Indebtedness as previously disclosed to the Joint Lead Arrangers) to be incurred by Western Digital International Ltd. other than up to \$500 million of secured or unsecured Indebtedness; provided that within ninety (90) days of the incurrence of such secured or unsecured Indebtedness, 75% of the proceeds thereof shall be applied toward the repayment of the Term Loans of each Class, pro rata, until paid in full.

**Section 6.15 *Liens.*** (I) Solely during a Secured Covenants Period, the Borrower will not, and will not permit any of its Restricted Subsidiaries to, create, incur or suffer to exist any Lien on any of its Property; *provided* that the foregoing shall not prevent the following (the Liens described below in this Section 6.15 (including clause (II), the “*Permitted Liens*”):

- (a) Liens for the payment of taxes which are not yet due and payable and Liens (or deposits as security) for taxes which are being contested in good faith by appropriate proceedings and as to which appropriate reserves have been provided for in accordance with GAAP;
- (b) Liens (i) arising by statute in connection with worker’s compensation, unemployment insurance, old age benefits, social security obligations, statutory obligations or other similar charges, (ii) in connection with bids, tenders, contracts or leases to which the Borrower or any Restricted Subsidiary is a party or (iii) to secure public or statutory obligations of such Person or deposits of cash or Cash Equivalents to secure surety or appeal bonds to which such Person is a party, or deposits as security or for the payment of rent, in each case, incurred in the ordinary course of business;

(c) mechanics', workmen's, materialmen's, landlords', carriers' or other similar Liens arising in the ordinary course of business with respect to obligations which are not overdue by a period of more than 60 days or if more than 60 days overdue (i) which would not reasonably be expected to have a Material Adverse Effect or (ii) which are being contested in good faith by appropriate proceedings;

(d) Liens created by or pursuant to this Agreement and the Collateral Documents;

(e) Liens on property of the Borrower or any Restricted Subsidiary created solely for the purpose of securing indebtedness permitted by Section 6.14(I)(d) hereof; *provided* that no such Lien shall extend to or cover other Property of the Borrower or such Restricted Subsidiary other than the respective Property so acquired or similar Property acquired from the same lender or its Affiliates, and the principal amount of indebtedness secured by any such Lien shall at no time exceed the purchase price of all such Property;

(f) Liens assumed in connection with permitted Acquisitions;

(g) easements, rights-of-way, restrictions, and other similar encumbrances as to the use of real property of the Borrower or any Restricted Subsidiary incurred in the ordinary course of business which do not impair their use in the operation of the business of such Person;

(h) Liens in connection with sale-leaseback transactions securing Indebtedness permitted by Section 6.14(I)(ii);

(i) ground leases or subleases, licenses or sublicenses in respect of real property on which facilities owned or leased by the Borrower or any of its Restricted Subsidiaries are located;

(j) Liens arising from judgments or decrees for the payment of money in circumstances not constituting an Event of Default under Section 7.1;

(k) any interest or title of a lessor, sublessor, licensor or sublicensor or Lien securing a lessor's, sublessor's, licensor's or sublicensor's interest under any lease not prohibited by this Agreement and leases, licenses, subleases or sublicenses granted to others that do not (x) interfere in any material respect with the business of the Borrower and its Restricted Subsidiaries, taken as a whole, or (y) secure any Indebtedness;

(l) licenses, sublicenses, covenants not to sue or other grants of rights to intellectual property rights granted (i) in the ordinary course of business or (ii) in the reasonable business judgment of the Borrower or the Restricted Subsidiaries in the

conduct of its business (including in the settlement of litigation or entering into cross-licenses);

(m) any zoning, building or similar law or right reserved to, or vested in, any Governmental Authority to control or regulate the use of any real property that does not materially interfere with the ordinary course of conduct of the business of the Borrower and its Restricted Subsidiaries, taken as a whole;

(n) Liens (i) of a collection bank arising under Section 4-210 of the UCC on items in the course of collection, (ii) attaching to commodity trading accounts or other commodity brokerage accounts incurred in the ordinary course of business and (iii) in favor of a banking institution arising as a matter of law encumbering deposits (including the right to set off), which are within the general parameters customary in the banking industry;

(o) Liens (i) on cash advances in favor of the seller of any property to be acquired in an investment permitted pursuant to Section 6.17 to be applied against the purchase price for such investment or (ii) consisting of an agreement to sell, transfer, lease or otherwise dispose of any property in a transaction permitted under Section 6.16;

(p) Liens on securities that are the subject of repurchase agreements constituting Cash Equivalents;

(q) Liens that are contractual rights of set-off (i) relating to the establishment of depository relations with banks not given in connection with the issuance of indebtedness, (ii) relating to pooled deposit, automatic clearing house or sweep accounts of the Borrower or any Restricted Subsidiary to permit satisfaction of overdraft or similar obligations incurred in the ordinary course of business of the Borrower and its Restricted Subsidiaries, (iii) relating to purchase orders and other agreements entered into with customers of the Borrower or any Restricted Subsidiary in the ordinary course of business or (iv) relating to the credit cards and credit accounts of the Borrower or any of its Restricted Subsidiaries in the ordinary course of business;

(r) Liens solely on any cash earnest money deposits or escrow arrangements made by the Borrower or any of its Restricted Subsidiaries in connection with any letter of intent or purchase agreement permitted hereunder;

(s) Liens on insurance policies and the proceeds thereof securing the financing of the premiums with respect thereto;

(t) Liens incurred to secure any obligations; *provided* that the aggregate principal amount of all such obligations secured by such Liens, together with all Refinancing Indebtedness in respect thereof, shall not exceed the greater of \$500

million and 2.50% of Consolidated Total Assets (measured as of the date such Liens are incurred and based upon the financial statements most recently delivered on or prior to such date pursuant to Section 6.1, but giving effect to any Specified Transaction occurring thereafter and on or prior to the date of determination);

(u) Liens in favor of the issuer of customs, stay, performance, bid, appeal or surety bonds or completion guarantees and other obligations of a like nature or letters of credit issued pursuant to the request of and for the account of such Person in the ordinary course of its business;

(v) Liens existing on the Amendment No. 7 Effective Date or pursuant to agreements in existence on the Amendment No. 7 Effective Date and to the extent securing Indebtedness in excess of \$50 million, as described on Schedule 6.15 and any modifications, replacements, renewals or extensions thereof; *provided* that such Liens shall secure only those obligations that they secure on the Amendment No. 7 Effective Date (and any Refinancing Indebtedness in respect of such obligations permitted by Section 6.14) and shall not subsequently apply to any other property or assets of the Borrower or any Restricted Subsidiary other than (x) after-acquired property that is affixed or incorporated into the property covered by such Lien and (y) proceeds and products thereof;

(w) Liens on property or shares of stock of a Person at the time such Person becomes a Restricted Subsidiary; *provided, however*, that such Liens are not created or incurred in connection with, or in contemplation of, such other Person becoming such a Restricted Subsidiary or concurrently therewith; *provided further* that such Liens may not extend to any other property owned by the Borrower or any of its Restricted Subsidiaries; *provided further* that such Liens secure Indebtedness permitted to be incurred under clause (y) of Section 6.14(I)(s);

(x) Liens on property at the time the Borrower or a Subsidiary acquired the property or concurrently therewith, including any acquisition by means of a merger or consolidation with or into the Borrower or any of its Restricted Subsidiaries; *provided, however*, that such Liens are not created or incurred in connection with, or in contemplation of, such acquisition; *provided further* that the Liens may not extend to any other property owned by the Borrower or any of its Restricted Subsidiaries; *provided further* that such Liens secure Indebtedness permitted to be incurred under clause (y) of Section 6.14(I)(s);

(y) Liens on specific items of inventory or other goods and the proceeds thereof of any Person securing such Person's obligations under any agreement to facilitate the purchase, shipment or storage of such inventory or other goods, and

pledges or deposits in the ordinary course of business securing inventory purchases from vendors;

(z) Liens to secure any refinancing, refunding, extension, renewal or replacement (or successive refinancing, refunding, extensions, renewals or replacements) as a whole, or in part, of any Indebtedness permitted by Section 6.14 and secured by any Lien referred to in Section 6.15(I)(e), (v), (w) and (x); *provided, however*, that (i) such new Lien shall be limited to all or part of the same property that secured the original Lien (plus improvements on such property), and (ii) the Indebtedness secured by such Lien at such time is not increased to any amount greater than the sum of (A) the outstanding principal amount or, if greater, committed amount of the Indebtedness described under Section 6.15(I)(e), (v), (w) and (x) at the time the original Lien became a Permitted Lien hereunder, and (B) an amount necessary to pay any fees and expenses, including premiums, related to such refinancing, refunding, extension, renewal or replacement;

(aa) Liens to secure any Indebtedness permitted by Section 6.14(I)(b) to the extent that the Borrower or any other Loan Party is required to post segregated collateral to any clearing agency in respect of any such Indebtedness as required, or as may be required, by the Commodity Exchange Act, any regulations thereto, or any other applicable legislation or regulations in connection therewith;

(bb) Liens to secure (x) Refinancing Indebtedness, (y) Incremental Equivalent Debt and (z) Indebtedness allowed under Section 6.14(I)(x);

(cc) [reserved];

(dd) [reserved];

(ee) assignments of the right to receive income effected as a part of the sale of a business unit or for collection purposes;

(ff) Liens arising under any Permitted Receivables Financing permitted under Section 6.14(I)(ee);

(gg) 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;

(hh) the prior rights of consignees and their lenders under consignment arrangements entered into in the ordinary course of business;

(ii) Liens arising from precautionary UCC financing statements or consignments entered into in connection with any transaction otherwise permitted under this Agreement; and

(jj) Liens on assets of a Subsidiary that is not a Loan Party securing Indebtedness of such Subsidiaries permitted by Section 6.14(I).

(II) When an Unsecured Covenants Period is in effect, the Borrower will not, and will not permit any of its Restricted Subsidiaries to, create, incur or suffer to exist any Lien on any of its Property; *provided* that the foregoing shall not prevent the following:

(a) Liens for the payment of taxes which are not yet due and payable and Liens (or deposits as security) for taxes which are being contested in good faith by appropriate proceedings and as to which appropriate reserves have been provided for in accordance with GAAP;

(b) Liens (i) arising by statute in connection with worker's compensation, unemployment insurance, old age benefits, social security obligations, statutory obligations or other similar charges, (ii) in connection with bids, tenders, contracts or leases to which the Borrower or any Restricted Subsidiary is a party or (iii) to secure public or statutory obligations of such Person or deposits of cash or Cash Equivalents to secure surety or appeal bonds to which such Person is a party, or deposits as security or for the payment of rent, in each case, incurred in the ordinary course of business;

(c) mechanics', workmen's, materialmen's, landlords', carriers' or other similar Liens arising in the ordinary course of business with respect to obligations which are not overdue by a period of more than 60 days or if more than 60 days overdue (i) which would not reasonably be expected to have a Material Adverse Effect or (ii) which are being contested in good faith by appropriate proceedings;

(d) Liens created by or pursuant to this Agreement and the Collateral Documents;

(e) Liens on property of the Borrower or any Restricted Subsidiary created solely for the purpose of securing indebtedness permitted by Section 6.14(II)(d) hereof; *provided* that no such Lien shall extend to or cover other Property of the Borrower or such Restricted Subsidiary other than the respective Property so acquired or similar Property acquired from the same lender or its Affiliates, and the principal amount of indebtedness secured by any such Lien shall at no time exceed the purchase price of all such Property;

(f) Liens assumed in connection with permitted Acquisitions;

(g) easements, rights-of-way, restrictions, and other similar encumbrances as to the use of real property of the Borrower or any Restricted Subsidiary incurred in the ordinary course of business which do not impair their use in the operation of the business of such Person;

(h) Liens in connection with sale-leaseback transactions securing Indebtedness permitted by Section 6.14(II)(ii);

(i) ground leases or subleases, licenses or sublicenses in respect of real property on which facilities owned or leased by the Borrower or any of its Restricted Subsidiaries are located;

(j) Liens arising from judgments or decrees for the payment of money in circumstances not constituting an Event of Default under Section 7.1;

(k) any interest or title of a lessor, sublessor, licensor or sublicensor or Lien securing a lessor's, sublessor's, licensor's or sublicensor's interest under any lease not prohibited by this Agreement and leases, licenses, subleases or sublicenses granted to others that do not (x) interfere in any material respect with the business of the Borrower and its Restricted Subsidiaries, taken as a whole, or (y) secure any Indebtedness;

(l) licenses, sublicenses, covenants not to sue or other grants of rights to intellectual property rights granted (i) in the ordinary course of business or (ii) in the reasonable business judgment of the Borrower or the Restricted Subsidiaries in the conduct of its business (including in the settlement of litigation or entering into cross-licenses);

(m) any zoning, building or similar law or right reserved to, or vested in, any Governmental Authority to control or regulate the use of any real property that does not materially interfere with the ordinary course of conduct of the business of the Borrower and its Restricted Subsidiaries, taken as a whole;

(n) Liens (i) of a collection bank arising under Section 4-210 of the UCC on items in the course of collection, (ii) attaching to commodity trading accounts or other commodity brokerage accounts incurred in the ordinary course of business and (iii) in favor of a banking institution arising as a matter of law encumbering deposits (including the right to set off), which are within the general parameters customary in the banking industry;

(o) Liens (i) on cash advances in favor of the seller of any property to be acquired in an investment permitted pursuant to Section 6.17 to be applied against the purchase price for such investment or (ii) consisting of an agreement to sell, transfer, lease or otherwise dispose of any property in a transaction permitted under Section 6.16;

(p) Liens on securities that are the subject of repurchase agreements constituting Cash Equivalents;

(q) Liens that are contractual rights of set-off (i) relating to the establishment of depository relations with banks not given in connection with the issuance of indebtedness, (ii) relating to pooled deposit, automatic clearing house or sweep accounts of the Borrower or any Restricted Subsidiary to permit satisfaction of overdraft or similar obligations incurred in the ordinary course of business of the Borrower and its Restricted Subsidiaries, (iii) relating to purchase orders and other agreements entered into with customers of the Borrower or any Restricted Subsidiary in the ordinary course of business or (iv) relating to the credit cards and credit accounts of the Borrower or any of its Restricted Subsidiaries in the ordinary course of business;

(r) Liens solely on any cash earnest money deposits or escrow arrangements made by the Borrower or any of its Restricted Subsidiaries in connection with any letter of intent or purchase agreement permitted hereunder;

(s) Liens on insurance policies and the proceeds thereof securing the financing of the premiums with respect thereto;

(t) [reserved];

(u) Liens in favor of the issuer of customs, stay, performance, bid, appeal or surety bonds or completion guarantees and other obligations of a like nature or letters of credit issued pursuant to the request of and for the account of such Person in the ordinary course of its business;

(v) Liens existing on the Amendment No. 7 Effective Date or pursuant to agreements in existence on the Amendment No. 7 Effective Date and to the extent securing Indebtedness in excess of \$50 million, as described on Schedule 6.15 and any modifications, replacements, renewals or extensions thereof; *provided* that such Liens shall secure only those obligations that they secure on the Amendment No. 7 Effective Date (and any Refinancing Indebtedness in respect of such obligations permitted by Section 6.14) and shall not subsequently apply to any other property or assets of the Borrower or any Restricted Subsidiary other than (x) after-acquired property that is affixed or incorporated into the property covered by such Lien and (y) proceeds and products thereof;

(w) [reserved];

(x) [reserved];

(y) Liens on specific items of inventory or other goods and the proceeds thereof of any Person securing such Person's obligations under any agreement to facilitate the purchase, shipment or storage of such inventory or other goods, and pledges or deposits in the ordinary course of business securing inventory purchases from vendors;

(z) Liens to secure any refinancing, refunding, extension, renewal or replacement (or successive refinancing, refunding, extensions, renewals or replacements) as a whole, or in part, of any Indebtedness permitted by Section 6.14 and secured by any Lien referred to in Section 6.15(II)(e) and (v); *provided, however*, that (i) such new Lien shall be limited to all or part of the same property that secured the original Lien (plus improvements on such property), and (ii) the Indebtedness secured by such Lien at such time is not increased to any amount greater than the sum of (A) the outstanding principal amount or, if greater, committed amount of the Indebtedness described under Section 6.15(II)(e) and (v) at the time the original Lien became a Permitted Lien hereunder, and (B) an amount necessary to pay any fees and expenses, including premiums, related to such refinancing, refunding, extension, renewal or replacement;

(aa) Liens to secure any Indebtedness permitted by Section 6.14(II)(b) to the extent that the Borrower or any other Loan Party is required to post segregated collateral to any clearing agency in respect of any such Indebtedness as required, or as may be required, by the Commodity Exchange Act, any regulations thereto, or any other applicable legislation or regulations in connection therewith;

(bb) Liens to secure Refinancing Indebtedness,

(cc) [reserved];

(dd) Liens to secure Priority Debt permitted by Section 6.14(II)(x);

(ee) assignments of the right to receive income effected as a part of the sale of a business unit or for collection purposes;

(ff) Liens arising under any Permitted Receivables Financing permitted under Section 6.14(II)(ee);

(gg) 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;

(hh) the prior rights of consignees and their lenders under consignment arrangements entered into in the ordinary course of business;

(ii) Liens arising from precautionary UCC financing statements or consignments entered into in connection with any transaction otherwise permitted under this Agreement; and

(jj) [reserved].

For purposes of determining compliance with this Section 6.15, (A) a Lien securing an item of Indebtedness need not be permitted solely by reference to one category of permitted Liens (or any portion thereof) described in this Section 6.15 but may be permitted in part under any combination thereof and (B) in the event that a Lien securing an item of Indebtedness (or any portion thereof) meets the criteria of one or more of the categories of permitted Liens (or any portion thereof) described in this Section 6.15, the Borrower may, in its sole discretion, classify or divide such Lien securing such item of Indebtedness (or any portion thereof) in any manner that complies with this Section 6.15 and will be entitled to only include the amount and type of such Lien or such item of Indebtedness secured by such Lien (or any portion thereof) in one of the above clauses and such Lien securing such item of Indebtedness (or portion thereof) will be treated as being incurred or existing pursuant to only such clause or clauses (or any portion thereof).

Notwithstanding the foregoing under this Section 6.15, non-Loan Parties will be permitted to incur Indebtedness secured by Liens incurred by non-Loan Parties without limit so long as such Indebtedness is secured only by assets of such non-Loan Parties; *provided* that solely during a Secured Covenants Period (but subject to the provisions of Section 9.12 following a Secured Covenant Reinstatement Event), in no event shall Indebtedness of non-Loan Parties be secured by Liens on intellectual property with an aggregate value of more than \$100 million as reasonably determined by the Borrower.

**Section 6.16** *Consolidation, Merger, Sale of Assets, etc.* The Borrower will not, and will not permit any of its Restricted Subsidiaries to, wind up, liquidate or dissolve its affairs or merge or consolidate, or convey, sell, lease or otherwise dispose of all or any part of its Property, including any disposition as part of any sale-leaseback transactions except that this Section 6.16 shall not prevent:

- (a) the sale and lease of inventory in the ordinary course of business;
- (b) the sale, transfer or other disposition of any Property (including, but not limited to, the abandonment or allowing to lapse of intellectual property) that, in the reasonable judgment of the Borrower or its Restricted Subsidiaries, has become uneconomic, obsolete or worn out or is no longer useful in its business;
- (c) the sale, transfer, lease, or other disposition of Property of the Borrower and its Restricted Subsidiaries to one another; *provided* that during any Secured Covenants Period, the fair market value of any Property in respect of any such sale,

transfer, lease, or other disposition made by any Loan Party to any Restricted Subsidiary which is not a Loan Party *plus* the fair market value of any Loan Party that is merged with and into any Restricted Subsidiary that is not a Loan Party pursuant to a merger permitted by Section 6.16(d) hereof shall not exceed \$150 million in the aggregate during the term of this Agreement;

(d) the merger, consolidation or amalgamation of any Restricted Subsidiary with and into the Borrower or any other Restricted Subsidiary; *provided* that, in the case of any merger or consolidation involving the Borrower, (i) the Borrower is the legal entity surviving the merger or consolidation and (ii) such surviving entity is organized under the Applicable Laws of the United States, any state thereof, or the District of Columbia; and *provided further* that during any Secured Covenants Period, the fair market value of any Loan Party that is merged, consolidated or amalgamated with and into any Restricted Subsidiary which is not a Loan Party *plus* the fair market value of any Property in respect of any sale, transfer, lease, or other disposition by a Loan Party to a Restricted Subsidiary which is not a Loan Party permitted by Section 6.16(c) hereof shall not exceed \$150 million in the aggregate during the term of this Agreement;

(e) the disposition or sale of Cash Equivalents;

(f) any Restricted Subsidiary may dissolve if the Borrower determines in good faith that such dissolution is in the best interests of the Borrower, such dissolution is not disadvantageous to the Lenders and the Borrower or any Restricted Subsidiary receives any assets of such dissolved Subsidiary, subject in the case of a dissolution of a Loan Party during any Secured Covenants Period that results in a distribution of assets to a non-Loan Party to the limitations set forth in the provisos in each of clauses (c) and (d) above;

(g) the sale, transfer, lease, or other disposition of Property of the Borrower or any Restricted Subsidiary (including any disposition of Property as part of a sale and leaseback transaction) aggregating for the Borrower and its Restricted Subsidiaries not more than \$200 million during any fiscal year of the Borrower;

(h) the lease, sublease, license (or cross-license) or sublicense (or cross-sublicense) of real or personal property in the ordinary course of business;

(i) the disposition of intellectual property rights (to the extent constituting discontinuing the use or maintenance of, failing to pursue, or otherwise abandon, allowing to lapse, terminating or putting into the public domain, any intellectual property), in each case, in the ordinary course of business or if the Borrower or any Restricted Subsidiary determines in its reasonable business judgment that such disposed of intellectual property is no longer economical or of strategic benefit;

(j) the sale, transfer or other disposal of property (including like-kind exchanges) to the extent that (i) such property is exchanged for credit against the purchase price of similar replacement property or (ii) the proceeds of such disposition are promptly applied to the purchase price of such replacement property;

(k) the sale, transfer or other disposal of investments in joint ventures to the extent required by, or made pursuant to customary buy/sell arrangements between, the joint venture parties set forth in joint venture arrangements or similar binding arrangements;

(l) any transaction permitted by Section 6.17;

(m) the Transactions (to the extent prohibited by this Section 6.16) and the sale of Property of Loan Parties to non-Loan Party Subsidiaries as part of the Intercompany Transactions;

(n) the unwinding of any Hedge Agreement;

(o) the disposition of any asset between or among the Borrower and/or its Restricted Subsidiaries as a substantially concurrent interim disposition in connection with a disposition otherwise permitted pursuant to clauses (a) through (t) (other than this clause (o) and clause (r)) of this Section 6.16;

(p) the sale, transfer or other disposition of Property of the Borrower or any Restricted Subsidiary for fair market value so long as (i) with respect to dispositions in an aggregate amount in excess of the greater of \$75 million and 0.25% of Consolidated Total Assets (measured as of the date of such sale, transfer or other disposition and based upon the financial statements most recently delivered on or prior to such date pursuant to Section 6.1, but giving effect to any Specified Transaction occurring thereafter and on or prior to the date of determination), at least 75.00% of the consideration for such disposition shall consist of cash or Cash Equivalents (*provided* that, for purposes of the 75.00% cash consideration requirement, (w) the amount of any Indebtedness or other liabilities of the Borrower or any Restricted Subsidiary (as shown on such person's most recent balance sheet or in the notes thereto) that are assumed by the transferee of any such assets, (x) the amount of any trade-in value applied to the purchase price of any replacement assets acquired in connection with such disposition, (y) any securities received by the Borrower or such Restricted Subsidiary from such transferee that are converted by the Borrower or such Restricted Subsidiary into cash or Cash Equivalents (to the extent of the cash or Cash Equivalents received) following the closing of the applicable disposition and (z) any Designated Non-Cash Consideration received in respect of such disposition having an aggregate fair market value, taken together with all other Designated Non-Cash Consideration received pursuant to this

clause (z) that is at that time outstanding, not in excess of the greater of \$400 million and 2.25% of Consolidated Total Assets, in each case, shall be deemed to be cash), (ii) the Net Cash Proceeds of such disposition are applied in accordance with Section 2.8(c)(ii) and (iii) no Event of Default has occurred and is continuing or would result therefrom (determined at the time of the agreement);

(q) the sale, transfer or other disposition of any assets acquired in connection with any acquisition permitted under this Agreement (including any Permitted Acquisition) so long as (i) such disposition is made or contractually committed to be made within three hundred and sixty-five (365) days of the date such assets were acquired by the Borrower or such Subsidiary or such later date as the Borrower and the Administrative Agent may agree, (ii) the Borrower and its Restricted Subsidiaries are in compliance, on a Pro Forma Basis, with Section 6.22(a) and (iii) with respect to dispositions in an aggregate amount in excess of the greater of \$75 million and 0.25% of Consolidated Total Assets (measured as of the date of such sale, transfer or other disposition and based upon the financial statements most recently delivered on or prior to such date pursuant to Section 6.1, but giving effect to any Specified Transaction occurring thereafter and on or prior to the date of determination), at least 75.00% of the consideration for such disposition shall consist of cash or Cash Equivalents (subject to the exceptions listed in clauses (w) through (z) of Section 6.16(p) above);

(r) the sale, transfer or other disposition (i) of any assets required by any antitrust authority or other regulatory authority in connection with the Schrader Acquisition or (ii) that are part of any intercompany restructuring in connection with requirements imposed by the Ministry of Commerce of the People's Republic of China within 24 months of the Escrow Release Date (the "*MOFCOM Restructuring*");

(s) dispositions of property pursuant to one or more sale-leaseback transactions in an amount not to exceed \$1,000 million and dispositions of precious metals and/or commodities in connection with Indebtedness permitted under Section 6.14(I)(d)(ii) or Section 6.14(II)(d)(ii), as applicable;

(t) transfers of condemned property as a result of the exercise of "eminent domain" or other similar powers to the respective Governmental Authority or agency that has condemned the same (whether by deed in lieu of condemnation or otherwise), and transfers of property that have been subject to a casualty to the respective insurer of such real property as part of an insurance settlement; and

(u) when an Unsecured Covenants Period is in effect, the conveyance, sale, lease, transfer or other disposition of Property by the Borrower and the Restricted Subsidiaries so long as (i) the Borrower or such Restricted Subsidiary does not sell, transfer or dispose of all or substantially all of the properties and assets of the Borrower

and the Restricted Subsidiaries, taken as a whole and (ii) no Event of Default then exists or would result therefrom.

To the extent any Collateral is disposed of as expressly permitted by this Section 6.16 to any Person other than a Loan Party, such Collateral shall automatically be sold free and clear of the Liens created by the Loan Documents, and the Administrative Agent shall be authorized to take any actions deemed appropriate in order to effect the foregoing.

**Section 6.17 *Advances, Investments and Loans.*** The Borrower will not, and will not permit any of its Restricted Subsidiaries to make loans or advances to (other than advances to customers in the ordinary course of business that are recorded as accounts receivable on the balance sheet of the lender or advances for the purpose of prepaying depreciation costs of joint ventures), guarantee any obligations of, or make, retain or have outstanding any investments (whether through purchase of Equity Interests or debt obligations) in, any Person or enter into any partnerships or joint ventures, or purchase or own a futures contract or otherwise become liable for the purchase or sale of currency or other commodities at a future date in the nature of a futures contract (all of the foregoing, collectively, "*investments*"), except that this Section 6.17 shall not prevent:

(a) investments constituting receivables created in the ordinary course of business;

(b) investments in Cash Equivalents;

(c) investments (including debt obligations) received in connection with the bankruptcy or reorganization of a Person and in settlement of delinquent obligations of, and other disputes with, a Person arising in the ordinary course of business;

(d) (i) the Borrower's equity investments from time to time in its Restricted Subsidiaries and (ii) investments made from time to time by a Restricted Subsidiary in the Borrower or one (1) or more of its Restricted Subsidiaries; *provided* that, solely during a Secured Covenants Period, the aggregate amount of any such investments made by any Loan Party in any Restricted Subsidiary which is not a Loan Party *plus* any intercompany advances by a Loan Party to any Restricted Subsidiary which is not a Loan Party permitted by Section 6.17(e) hereof shall not exceed the greater of \$300 million and 1.00% of Consolidated Total Assets (measured as of the date of such investment and based upon the financial statements most recently delivered on or prior to such date pursuant to Section 6.1, but giving effect to any Specified Transaction occurring thereafter and on or prior to the date of determination) *minus* amounts utilized under clause (b)(iv) of the definition of "Permitted Acquisition";

(e) intercompany advances (including in the form of a guarantee for the benefit of such Person) made from time to time from (i) the Borrower to any one (1) or more Restricted Subsidiaries, (ii) from one (1) or more Restricted Subsidiaries to the Borrower and (iii) from one (1) or more Restricted Subsidiaries to one (1) or more Restricted Subsidiaries; *provided* that, solely during a Secured Covenants Period, the

aggregate amount of any such advances made by a Loan Party to a Restricted Subsidiary that is not a Loan Party *plus* any equity investments by any Loan Party in any Restricted Subsidiary which is not a Loan Party permitted by Section 6.17(d) hereof shall not exceed the greater of \$300 million and 1.00% of Consolidated Total Assets (measured as of the date of such advance and based upon the financial statements most recently delivered on or prior to such date pursuant to Section 6.1, but giving effect to any Specified Transaction occurring thereafter and on or prior to the date of determination) *minus* amounts utilized under clause (b)(iv) of the definition of “Permitted Acquisition”;

(f) other investments (including investments in joint ventures or similar entities that do not constitute Restricted Subsidiaries), in each case, as valued at the fair market value of such investment at the time each such investment is made, in an aggregate amount for all such investments under this clause (f) that, at the time such investment is made, would not exceed the sum of (i) the greater of \$900 million and 3.00% of Consolidated Total Assets (measured as of the date of such investment and based upon the financial statements most recently delivered on or prior to such date pursuant to Section 6.1, but giving effect to any Specified Transaction occurring thereafter and on or prior to the date of determination) *plus* (ii) the amount of any returns of capital, dividends or other distributions received in connection with such investment (not to exceed the original amount of the investment) *minus* (iii) amounts utilized under clause (b)(iii) of the definition of “Permitted Acquisition”;

(g) loans and advances to officers, directors, employees and consultants of the Borrower or any of its Restricted Subsidiaries for reasonable and customary business related travel expenses, entertainment expenses, moving expenses and similar expenses, in each case incurred in the ordinary course of business and advances of payroll payments to employees, consultants or independent contractors or other advances of salaries or compensation to employees, consultants or independent contractors, in each case in the ordinary course of business; *provided* that the aggregate amount of such loan in advance outstanding at any time shall not exceed \$10 million;

(h) to the extent constituting an investment, Hedge Agreements permitted by Section 6.14(I)(a) and (b) or Section 6.14(II)(a) and (b), as applicable;

(i) investments received upon the foreclosure with respect to any secured investment or other transfer of title with respect to any secured investment;

(j) investments in the ordinary course of business consisting of Article 3 endorsements for collection or deposit and Article 4 customary trade arrangements with customers consistent with past practices;

(k) guarantees by the Borrower or any Restricted Subsidiary of leases (other than Capital Leases) or of other obligations that do not constitute indebtedness for borrowed money, in each case entered into in the ordinary course of business;

(l) (i) the Schrader Acquisition, (ii) Permitted Acquisitions and (iii) investments by Restricted Subsidiaries that are not Loan Parties in Persons that become Restricted Subsidiaries as a result of such investment;

(m) investments in Restricted Subsidiaries for the purpose of consummating transactions permitted under Section 6.16(o) or any Permitted Acquisition;

(n) investments permitted under Sections 6.14 (excluding clause (I)(c) and (II)(c)), 6.15 (excluding clause (I)(o)(ii) and (II)(o)(ii)), 6.16 (excluding clause (I)) and 6.18;

(o) other investments, loans and advances in addition to those otherwise permitted by this Section in an amount not to exceed the Available Amount in the aggregate at any one time outstanding (so long as (i) no Event of Default has occurred, is continuing or would result therefrom, (ii) the Borrower and its Restricted Subsidiaries are in compliance with Section 6.22 on a Pro Forma Basis, recomputed as of the last day of the most recently ended period for which financial statements have been or were required to be delivered pursuant to Section 6.1(a) or (b) and (iii) the Leverage Ratio, calculated on a Pro Forma Basis after giving effect to such Distribution, is less than the greater of 0.25x less than the applicable Leverage Ratio set forth in Section 6.22 (prior to giving effect to Amendment No. 9) and 3.75 to 1.00);

(p) investments consisting of consideration received in connection with any disposition or other transfer made in compliance with Section 6.16;

(q) other investments, loans and advances existing on, or contractually committed as of, or pursuant to an agreement executed on or before Amendment No. 7 Effective Date as set forth on Schedule 6.17 (as the same may be renewed, reinvested, refinanced or extended from time to time; *provided* that the amount of any such investment or binding commitment may be increased (x) as required by the terms of such investment or binding commitment as in existence on the Amendment No. 7 Effective Date (including as a result of the accrual or accretion of interest or original issue discount or the issuance of pay-in-kind securities) or (y) as otherwise permitted under this Agreement;

(r) investments made by any Restricted Subsidiary that is not a Loan Party to the extent such investments are made with the proceeds received by such Restricted Subsidiary from an investment made by a Loan Party in such Restricted Subsidiary pursuant to this Section 6.17;

(s) investments the sole consideration for which is Equity Interests (other than Disqualified Equity Interests) of the Borrower;

(t) guarantees of Indebtedness permitted under Section 6.14 and performance guarantees and Contingent Obligations incurred or of other obligations that do not constitute indebtedness for borrowed money, in each case entered into in the ordinary course of business and any guarantees by the Borrower or any Restricted Subsidiary of operating leases of joint ventures;

(u) additional investments by the Borrower or any of its Restricted Subsidiaries; *provided* that on the date of consummation of such investment or, at the Borrower's election to the extent such investment is made in connection with an Acquisition, on the date of the signing of any acquisition agreement with respect thereto, (i) no Default or Event of Default shall have occurred and be continuing or would result therefrom and (ii) after giving effect thereto the Leverage Ratio does not exceed 3.00:1.00 (calculated on a Pro Forma Basis as of the last day of the most recently ended period of four consecutive fiscal quarters for which financial statements have been or were required to be delivered pursuant to Section 6.1(a) or (b));

(v) investments in any Subsidiary in connection with intercompany cash management or cash pooling arrangements or related activities arising in the ordinary course of business;

(w) investments in (i) a Restricted Subsidiary that is not a Loan Party or (ii) a joint venture, in each case, to the extent such investment is substantially contemporaneously repaid with a dividend or other distribution from such Restricted Subsidiary or joint venture;

(x) non-cash contributions to joint ventures (including, without limitation, contributions of employees, intellectual property and/or services) in the ordinary course of business;

(y) investments in Flash Partners Ltd., Flash Alliance Ltd. or Flash Forward Ltd. and other joint ventures with Toshiba Corporation or Toshiba Memory Corporation (or any of their Affiliates); *provided* that solely during a Secured Covenants Period, the use of such investments by such joint venture would have been classified, in accordance with GAAP, as a capital expenditure if such joint venture had been a Subsidiary of the Borrower; and

(z) any investment by any Captive Insurance Subsidiary in connection with its provision of insurance to the Borrower or any of its Subsidiaries, which investment is made in the ordinary course of business of such Captive Insurance Subsidiary, or by reason of applicable law, rule, regulation or order, or that is required or approved by any

regulatory authority having jurisdiction over such Captive Insurance Subsidiary or its business, as applicable and any investment in fixed income or other assets by any Captive Insurance Subsidiary consistent with customary practices of portfolio management; and

(aa) any investment not otherwise permitted by this Section 6.17; *provided* that the fair market value of such investment at the time each such investment is made, in an aggregate amount for all such investments outstanding under this clause (aa), together with the amount of any Distributions permitted under Section 6.18(l) below, does not exceed \$2,000 million; and

(bb) when an Unsecured Covenants Period is in effect, any investment so long as (i) no Event of Default has occurred, is continuing or would result therefrom and (ii) the Borrower shall be in compliance, on a Pro Forma Basis, with the covenants set forth in Section 6.22.

For purposes of determining compliance with this Section 6.17, (A) an investment need not be permitted solely by reference to one category of permitted investments (or any portion thereof) described in Sections 6.17(a) through (z) but may be permitted in part under any relevant combination thereof and (B) in the event that an investment (or any portion thereof) meets the criteria of one or more of the categories of permitted investments (or any portion thereof) described in Sections 6.17(a) through (z), the Borrower may, in its sole discretion, classify or divide such investment (or any portion thereof) in any manner that complies with this Section 6.17 and will be entitled to only include the amount and type of such investment (or any portion thereof) in one or more (as relevant) of the above clauses (or any portion thereof) and such investment (or any portion thereof) shall be treated as having been made or existing pursuant to only such clause or clauses (or any portion thereof); *provided* that all investments described in Schedule 6.17 shall be deemed outstanding under Section 6.17(q).

Any investment in any person other than a Loan Party that is otherwise permitted by this Section 6.17 may be made through intermediate investments in Subsidiaries that are not Loan Parties and such intermediate investments shall be disregarded for purposes of determining the outstanding amount of investments pursuant to any clause set forth above. The amount of any investment made other than in the form of cash or cash equivalents shall be the fair market value thereof valued at the time of the making thereof, and without giving effect to any subsequent write-downs or write-offs thereof.

**Section 6.18 *Restricted Payments*.** The Borrower shall not, nor shall it permit any of its Restricted Subsidiaries to directly or indirectly, (i) declare or pay any dividends on or make any other distributions in respect of any class or series of its Equity Interests or (ii) purchase, redeem, or otherwise acquire or retire any of its Equity Interests or any warrants, options, or similar instruments to acquire the same (all the foregoing, "*Distributions*"); *provided* that the following shall be permitted:

(a) any Subsidiary of the Borrower may make Distributions to its parent company (and, in the case of any non-Wholly-owned Subsidiary, *pro rata* to its parent companies based on their relative ownership interests in the class of equity receiving such Distribution);

(b) so long as no Event of Default has occurred, is continuing or would result therefrom, the Borrower may redeem, acquire, retire or repurchase (and the Borrower may declare and pay Distributions, the proceeds of which are used to so redeem, acquire, retire or repurchase and to pay withholding or similar tax payments that are expected to be payable in connection therewith) its Equity Interests (or any options or warrants or stock appreciation rights issued with respect to any of such Equity Interests) held by current or former officers, managers, consultants, directors and employees (or their respective spouses, former spouses, successors, executors, administrators, heirs, legatees or distributees) of the Borrower and its Restricted Subsidiaries, with the proceeds of Distributions from, seriatim, the Borrower, upon the death, disability, retirement or termination of employment of any such Person or otherwise in accordance with any stock option or stock appreciation rights plan, any management, director and/or employee stock ownership or incentive plan, stock subscription plan, employment termination agreement or any other employment agreements or equity holders' agreement; *provided* that the aggregate amount of Distributions made pursuant to this Section 6.18(b) shall not exceed \$40 million in any fiscal year; *provided further* that (x) such amount, if not so expended in the fiscal year for which it is permitted, may be carried forward for Distributions in the next two (2) fiscal years and (y) Distributions made pursuant to this clause (b) during any fiscal year shall be deemed made first in respect of amounts permitted for such fiscal year as provided above, second in respect of amounts carried over from the fiscal year two (2) years prior to such date pursuant to clause (x) above and third in respect of amounts carried over from the immediately preceding fiscal year prior to such date pursuant to clause (x) above;

(c) the Borrower may repurchase Equity Interests upon exercise of options or warrants if such Equity Interest represents all or a portion of the exercise price of such options or warrants;

(d) repurchases of the Borrower's common Equity Interests in an aggregate amount not to exceed \$50 million;

(e) Distributions in connection with the consummation of the Transactions to the extent contemplated by the Acquisition Agreement and any Distributions in connection with the repurchase of the Convertible Notes and any warrants or similar rights related thereto;

(f) the Borrower may make Distributions in an aggregate amount not to exceed (x) so long as (A) no Event of Default has occurred, is continuing or would result therefrom and (B) the Borrower shall be in compliance, on a Pro Forma Basis, with the covenants set forth in Section 6.22 (*provided* that clauses (A) and (B) shall not prohibit Distributions within 60 days after the date of declaration thereof, if on the date of declaration the Distribution would have complied with clauses (A) and (B)), \$725.0 million per fiscal year *plus* (y) the Available Amount at the time such Distribution is made (so long as (i) no Event of Default has occurred, is continuing or would result therefrom, (ii) the Borrower and its Restricted Subsidiaries are in compliance with Section 6.22 on a Pro Forma Basis, recomputed as of the last day of the most recently ended period for which financial statements have been or were required to be delivered pursuant to Section 6.1(a) or (b) and (iii) the Leverage Ratio, calculated on a Pro Forma Basis after giving effect to such Distribution, is less than the greater of 0.25x less than the applicable Leverage Ratio set forth in Section 6.22 (prior to giving effect to Amendment No. 9) and 3.75:1.00; *provided* that clauses (i), (ii) and (iii) shall not prohibit Distributions within 60 days after the date of declaration thereof, if on the date of declaration the Distribution would have complied with clauses (i) and (ii);

(g) the Borrower may make Distributions to (i) redeem, repurchase, retire or otherwise acquire any Equity Interests (“*Treasury Capital Stock*”) of the Borrower or any Subsidiary, in exchange for, or out of the proceeds of the substantially concurrent sale (other than to the Borrower or a Subsidiary) of, Equity Interests of the Borrower (“*Refunding Capital Stock*”) and (ii) declare and pay dividends on the Treasury Capital Stock out of the proceeds of the substantially concurrent sale (other than to the Borrower or a Subsidiary) of the Refunding Capital Stock;

(h) Distributions the proceeds of which will be used to make cash payments in lieu of issuing fractional Equity Interests in connection with the exercise of warrants, options or other securities convertible or exchangeable for Equity Interests of the Borrower;

(i) to the extent constituting a Distribution, transactions permitted by Sections 6.11 (other than 6.11(b)) and 6.16 (other than 6.16(k));

(j) Distributions by the Borrower of up to 6.0% of the net cash proceeds received by the Borrower from any Qualified Public Offering or any other equity investment (other than Disqualified Equity Interests) in the Borrower;

(k) so long as (i) no Event of Default has occurred and is continuing or would result therefrom and (ii) the Leverage Ratio does not exceed 2.75:1.00 (calculated on a Pro Forma Basis as of the last day of the most recently ended period of four consecutive fiscal quarters for which financial statements have been or were required to

be delivered pursuant to Section 6.1(a) or (b)) after giving effect thereto, the Borrower may make additional Distributions; *provided* that clauses (i) and (ii) shall not prohibit Distributions within 60 days after the date of declaration thereof, if on the date of declaration the Distribution would have complied with clauses (i) and (ii);

(l) the Borrower may make Distributions not otherwise permitted by this Section 6.18; *provided* that the maximum aggregate principal amount of such Distributions made pursuant to this clause (l), together with the outstanding amount of any investments permitted under Section 6.17(aa) above, does not exceed \$2,000 million; and

(m) when an Unsecured Covenants Period is in effect, the Borrower and its Restricted Subsidiaries may make Distributions so long as (i) no Event of Default has occurred, is continuing or would result therefrom and (ii) the Borrower shall be in compliance, on a Pro Forma Basis, with the covenants set forth in Section 6.22.

**Section 6.19 *Limitation on Restrictions.*** The Borrower will not, and it will not permit any of its Restricted Subsidiaries to, directly or indirectly, create or otherwise cause or suffer to exist or become effective any consensual restriction on the ability of any such Restricted Subsidiary to (A) pay dividends or make any other distributions on its capital stock or other Equity Interests owned by the Borrower or any other Restricted Subsidiary, (B) pay or repay any Indebtedness owed to the Borrower or any other Restricted Subsidiary, (C) make loans or advances to the Borrower or any other Restricted Subsidiary, (D) encumber or pledge any of its assets to or for the benefit of the Administrative Agent or (E) guaranty the Obligations, Hedging Liability and Funds Transfer Liability, Deposit Account Liability and Data Processing Obligations, except for, in each case:

(a) restrictions and conditions imposed by any Loan Document, the 2024 Convertible Notes Documents or the 2026 Senior Unsecured Notes Documents or which (x) exist on the Amendment No. 7 Effective Date and (y) to the extent contractual obligations permitted by subclause (x) are set forth in an agreement evidencing Indebtedness, are set forth in any agreement evidencing any permitted renewal, extension or refinancing of such Indebtedness so long as such renewal, extension or refinancing does not materially expand the scope of such contractual obligation;

(b) customary restrictions and conditions contained in agreements relating to any sale of assets pending such sale; *provided* that such restrictions and conditions apply only to the Person or property that is to be sold;

(c) restrictions or conditions imposed by any agreement relating to Indebtedness permitted by this Agreement if such restrictions or conditions apply only to the Person obligated under such Indebtedness and its Subsidiaries or, in the case of secured Indebtedness, the property or assets intended to secure such Indebtedness;

(d) contractual obligations binding on a Restricted Subsidiary at the time such Restricted Subsidiary first becomes a Restricted Subsidiary, so long as such

contractual obligations were not entered into solely in contemplation of such Person becoming a Restricted Subsidiary;

(e) customary provisions in joint venture agreements and other similar agreements applicable to joint ventures permitted under Section 6.17 and applicable solely to such joint venture entered into in the ordinary course of business and any provisions in joint venture agreements in effect at or entered into on the Amendment No. 7 Effective Date;

(f) restrictions on cash, other deposits or net worth imposed by customers under contracts entered into in the ordinary course of business and customary provisions in leases, subleases, licenses, sublicenses, service agreements, product sales, asset sale agreements and other contracts restricting the assignment thereof, in each case entered into in the ordinary course of business;

(g) secured Indebtedness otherwise permitted to be incurred under Sections 6.14 and 6.15 that limit the right of the obligor to dispose of the assets securing such Indebtedness;

(h) restrictions that arise in connection with (including Indebtedness and other agreements entered into in connection therewith) (x) any Lien permitted by Section 6.15 and that relate to the property subject to such Lien or (y) any disposition permitted by Section 6.16 applicable pending such disposition solely to the assets subject to such disposition;

(i) customary provisions restricting assignment of, or the creation of any Lien over, any agreement entered into in the ordinary course of business;

(j) any restrictions imposed by any agreement relating to Indebtedness incurred pursuant to Section 6.14 or Refinancing Indebtedness in respect thereof, to the extent such restrictions are not materially more restrictive, taken as a whole, than the restrictions contained in this Agreement (in each case, as determined in good faith by the Borrower);

(k) any encumbrances or restrictions of the type referred to in clauses (A), (B) or (C) above and solely with respect to any Foreign Subsidiary (or, during any Collateral and Guarantee Suspension Period, any non-Guarantor Subsidiary), any encumbrances or restrictions of the type referred to in clauses (D) or (E) above, in each case, imposed by any other instrument or agreement entered into after the Amendment No. 7 Effective Date that contains encumbrances and restrictions that, as determined by the Borrower in good faith, will not materially adversely affect the Borrower's ability to make payments on the Loans;

(l) any encumbrance or restriction of a Receivables Financing Subsidiary effected in connection with a Permitted Receivables Financing; *provided, however*, that such restrictions apply only to such Receivables Financing Subsidiary; and

(m) any encumbrances or restrictions of the types referred to in clauses (a) through (l) above imposed by any amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings of the contracts, instruments or obligations referred to above; *provided* that such amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings are, in the good faith judgment of the Borrower, no more restrictive with respect to such encumbrance and other restrictions taken as a whole than those prior to such amendment, modification, restatement, renewal, increase, supplement, refunding, replacement or refinancing.

Section 6.20 *Optional Payments of Certain Indebtedness; Modifications of Certain Indebtedness and Organizational Documents*. Solely during a Secured Covenants Period, the Borrower will not, and it will not permit any of its Restricted Subsidiaries to:

(a) directly or indirectly make any optional or voluntary payment, prepayment, repurchase or redemption of or otherwise optionally or voluntarily defease, earlier than one year prior to any scheduled final maturity (such actions, a “*Restricted Debt Payment*”) the principal amount of any Indebtedness that is expressly subordinated to the Loans in an aggregate principal amount in excess of \$100 million (other than intercompany Indebtedness), except (i) in connection with the incurrence of Refinancing Indebtedness, (ii) in connection with a conversion or exchange of such Indebtedness to, or for, as applicable, Equity Interests of the Borrower (other than Disqualified Equity Interests), (iii) payments as part of an “applicable high yield discount obligation” catch-up payment, (iv) Restricted Debt Payments in an aggregate amount up to (x) so long as (A) no Event of Default has occurred, is continuing or would result therefrom and (B) the Borrower shall be in compliance, on a Pro Forma Basis, with the covenants set forth in Section 6.22, \$100 million *plus* (y) the Available Amount (so long as (1) no Default or Event of Default has occurred, is continuing or would result therefrom, (2) the Borrower and its Restricted Subsidiaries are in compliance, on a Pro Forma Basis, with the financial covenants set forth in Section 6.22 recomputed as of the last day of the most recently ended period for which financial statements have been or were required to be delivered pursuant to Section 6.1(a) or (b) and (3) the Leverage Ratio calculated on a Pro Forma Basis after giving effect to such Restricted Debt Payment, is not greater than the greater of 0.25x less than the applicable Leverage Ratio set forth in Section 6.22 (prior to giving effect to Amendment No. 9) and 3.75:1.00), (v) Restricted Debt Payments so long as (A) no Event of Default has occurred, is continuing or would result therefrom and (B) the Leverage Ratio does not exceed 3.00:1.00 (in each case, calculated on a Pro Forma Basis as of the last day of the most recently ended period of four consecutive fiscal

quarters for which financial statements have been or were required to be delivered pursuant to Section 6.1(a) or (b)) and (vi) in connection with any Indebtedness represented by the Convertible Notes (and any warrants or similar rights related thereto); or

(b) amend, modify, or otherwise change in any manner any of the terms of (i) the documentation governing any Indebtedness that is expressly subordinated to the Loans in an aggregate principal amount in excess of \$100 million or (ii) the charter documents of the Borrower or such Restricted Subsidiary, except, in the case of each of clauses (i) and (ii), (x) if the effect of any such amendment, modification or change is not materially adverse to the interests of the Lenders and (y) any amendments with respect to the Convertible Notes to add the Borrower as a co-obligor under the Convertible Notes and to reflect changes related to the Transactions.

Section 6.21 *OFAC*. The Borrower will not, and will not permit any of its Restricted Subsidiaries to, (i) become a Person whose property or interests in property are blocked or subject to blocking pursuant to Section 1 of Executive Order 13224 of September 23, 2001 Blocking Party and Prohibiting Transactions With Persons Who Commit, Threaten to Commit or Support Terrorism (66 Fed. Reg. 49079(2001)), (ii) engage in any dealings or transactions prohibited by Section 2 of such executive order, or be otherwise associated with any such Person in any manner violative of Section 2, and (iii) become a Person on the list of Specially Designated Nationals and Blocked Persons or subject to the limitations or prohibitions under any other U.S. Department of Treasury's Office of Foreign Assets Control regulation or executive order.

Section 6.22 *Financial Covenants*. Solely with respect to the Revolving Facility and the Term A-1 Facility:

(a) *Leverage Ratio*. The Borrower shall not, (i) prior to the Amendment No. 9 Effective Date, as of the last day of each fiscal quarter of the Borrower ending during each of the periods specified below, permit the Leverage Ratio to be greater than:

FROM AND INCLUDING	TO AND INCLUDING	THE LEVERAGE RATIO SHALL NOT BE GREATER THAN:
the fiscal quarter ending March 30, 2018	the fiscal quarter ending October 4, 2019	4.25 to 1.00
the fiscal quarter ending January 3, 2020	the fiscal quarter ending October 2, 2020	4.00 to 1.00
the fiscal quarter ending January 1, 2021	All times thereafter	3.75 to 1.00

and (ii) on and after the Amendment No. 9 Effective Date, as of the last day of each fiscal quarter of the Borrower ending during each of the periods specified below, permit the Leverage Ratio to be greater than:

FROM AND INCLUDING	TO AND INCLUDING	THE LEVERAGE RATIO SHALL NOT BE GREATER THAN:
the fiscal quarter ending March 29, 2019	the fiscal quarter ending October 2, 2020	4.25 to 1.00
the fiscal quarter ending January 1, 2021	the fiscal quarter ending July 2, 2021	4.00 to 1.00
the fiscal quarter ending October 1, 2021	the fiscal quarter ending December 31, 2021	3.75 to 1.00
the fiscal quarter ending April 1, 2022	the fiscal quarter ending July 1, 2022	3.50 to 1.00
the fiscal quarter ending September 30, 2022	All times thereafter	3.25 to 1.00

; *provided* that following the consummation of (I) a Qualified Acquisition, the aggregate consideration for which is below 0.167x Consolidated Adjusted EBITDA for the four (4) fiscal quarters of the Borrower then ended as set forth in the last Compliance Certificate delivered pursuant to Section 6.1(e), the Leverage Ratios set forth above shall increase for each of the four (4) fiscal quarters of the Borrower ending following the consummation of a Qualified Acquisition by an amount equal to the product of (x) (i) the Leverage Ratio after giving Pro Forma Effect to such Qualified Acquisition minus (ii) the Leverage Ratio immediately prior to such Qualified Acquisition (which, if negative, shall be deemed zero) multiplied by (y) 1.50 to 1.00; *provided* further that at no time shall any Leverage Ratio set forth above exceed 4.25 to 1:00 (such increase, a “Formula Based Increase”) and (II) a Qualified Acquisition, the aggregate consideration for which is equal to or exceeds 0.167x Consolidated Adjusted EBITDA for the four (4) fiscal quarters of the Borrower then ended as set forth in the last Compliance Certificate delivered pursuant to Section 6.1(e) (as certified by a Responsible Officer of the Borrower), the Leverage Ratios set forth above shall increase to 4.25 to 1.00 for each of the four (4) fiscal quarters of the Borrower ending following the consummation of a Qualified Acquisition.

(b) *Interest Coverage Ratio*. The Borrower shall not, as of the last day of each fiscal quarter of the Borrower, permit the ratio of Consolidated Adjusted EBITDA for the four (4) fiscal quarters of the Borrower then ended (*provided* that, if Consolidated Adjusted EBITDA for such period is less than \$1, then for purposes of this covenant Consolidated Adjusted EBITDA shall be deemed to be \$1) to Interest Expense for the same four (4) fiscal quarters then ended to be less than 3.50 to 1.00.

(c) *Pro Forma Compliance*. Compliance with the financial covenants set forth in clauses (a) and (b) above shall always be calculated on a Pro Forma Basis.

Section 6.23 *Maintenance of Ratings*. The Borrower shall use its commercially reasonable efforts to maintain a (i) long-term public credit rating of the Borrower and (ii) a credit rating for the Facilities, in each case, from two of S&P, Moody's and Fitch; *provided* that in no event shall the Borrower be required to maintain any specific rating with any such rating agency.

Section 6.24 *[Reserved]*.

Section 6.25 *[Reserved]*.

Section 6.26 *Lender Calls*. Following the end of each fiscal quarter of the Borrower, commencing with the first full fiscal quarter ending after the Escrow Release Date, the Borrower will hold a conference call (at a time mutually agreed upon by the Borrower and the Administrative Agent but, in any event, no earlier than the Business Day following the delivery of annual or quarterly financial statements pursuant to Sections 6.1(a) and (b), as applicable, for such fiscal quarter) with all Lenders who choose to attend such conference call, at which conference call shall be reviewed the financial results of the previous fiscal quarter and the financial condition of the Borrower and its Subsidiaries; *provided* that notwithstanding the foregoing, the requirements set forth in this Section 6.26 may be satisfied with a regularly scheduled quarterly public earnings call.

## **ARTICLE 7. EVENTS OF DEFAULT AND REMEDIES.**

Section 7.1 *Events of Default*. Any one or more of the following shall constitute an "Event of Default" hereunder:

(a) default (i) in the payment when due (whether at the stated maturity thereof or at any other time provided for in this Agreement) of all or any part of the principal of any Loan or Reimbursement Obligation or (ii) in the payment when due of interest on any Loan or any other Obligation payable hereunder or under any other Loan Document and such default shall continue unremedied for a period of five (5) Business Days;

(b) default in the observance or performance of any covenant set forth in Sections 6.1(f)(i), 6.5 (with respect to the Borrower), 6.11, 6.12, 6.13, 6.14, 6.15, 6.16, 6.17, 6.18, 6.19, 6.20, 6.21 or 6.22 hereof; *provided* that no breach or default by the Borrower under Section 6.22 shall constitute an Event of Default with respect to the Term B Facility, unless and until the Required RC/TLA Lenders have accelerated the Revolving Loans and/or Term A-1 Loans and/or terminated the Revolving Credit Commitments in an aggregate amount in excess of \$100.0 million or, if less, in an aggregate amount equal to the remaining Revolving Credit Commitments outstanding at such time;

(c) default in the observance or performance of any other provision hereof or of any other Loan Document which is not remedied within 30 days after written notice of such default is given to the Borrower by the Administrative Agent;

(d) any representation or warranty made or deemed made herein or in any other Loan Document or in any certificate delivered to the Administrative Agent or the Lenders pursuant hereto or thereto proves untrue in any material respect (or in all respects, if qualified by a materiality threshold) as of the date of the issuance or making thereof;

(e) any of the Loan Documents shall for any reason not be or shall cease to be in full force and effect or is declared to be null and void (other than pursuant to the terms thereof or as a result of the gross negligence, bad faith or willful misconduct of the Administrative Agent as determined by the final, non-appealable judgment of a court of competent jurisdiction), any Lien in favor of the Administrative Agent in any Collateral purported to be covered by any of the Collateral Documents shall be invalid except as expressly permitted by the terms hereof or thereof (other than as a result of the gross negligence, bad faith or willful misconduct of the Administrative Agent as determined by the final, non-appealable judgment of a court of competent jurisdiction), any lien subordination provision in respect of material Collateral shall be determined to be invalid or any Loan Party terminates, repudiates in writing or rescinds any Loan Document executed by it or any of its obligations thereunder (other than pursuant to the terms hereof);

(f) default shall occur under any Material Indebtedness, or under any indenture, agreement or other instrument under which the same may be issued, the effect of which default is to cause, or to permit the holder or holders of such Material Indebtedness (or a trustee or agent on behalf of such holder or holders) to cause any such Indebtedness to become due or required to be prepaid, repurchased, defeased or redeemed prior to its stated maturity, or the principal or interest under any such Material Indebtedness shall not be paid when due (whether by demand, lapse of time, acceleration or otherwise) after giving effect to applicable grace or cure periods, if any; *provided* that this clause (f) shall not apply to termination events or any other similar event under the documents governing Hedge Agreements for so long as such termination event or other similar event does not result in (x) the occurrence of an early termination date or (y) a failure to pay amounts owed resulting from any acceleration or prepayment of any amounts or other Indebtedness payable thereunder; *provided further* that this clause (f) shall not apply to any Indebtedness represented by the Convertible Notes;

(g) any final judgment or judgments, writ or writs or warrant or warrants of attachment, or any similar process or processes, shall be entered or filed against the Borrower or any of its Restricted Subsidiaries, or against any of its Property,

in an aggregate amount in excess of \$350 million (except to the extent paid or covered by insurance (other than the applicable deductible) and the insurer has not denied coverage therefor in writing), and which remains undischarged, unvacated, unbonded or unstayed for a period of 60 days from the entry thereof;

(h) a Reportable Event shall have occurred which could reasonably be expected to result in a Material Adverse Effect; the Borrower or any of its Restricted Subsidiaries, or any member of its Controlled Group, shall fail to pay when due an amount or amounts aggregating in excess of \$150 million which it shall have become liable to pay to the PBGC or to a Plan under Title IV of ERISA; or notice of intent to terminate a Plan or Plans having aggregate Unfunded Vested Liabilities in excess of \$150 million (collectively, a "*Material Plan*") shall be filed under Title IV of ERISA by the Borrower or any of its Restricted Subsidiaries, or any other member of its Controlled Group, any plan administrator or any combination of the foregoing; or the PBGC shall institute proceedings under Title IV of ERISA to terminate or to cause a trustee to be appointed to administer any Material Plan or a proceeding shall be instituted by a fiduciary of any Material Plan against the Borrower or any of its Restricted Subsidiaries, or any member of its Controlled Group, to enforce Section 515 or 4219(c)(5) of ERISA and such proceeding shall not have been dismissed within 30 days thereafter; or a condition shall exist by reason of which the PBGC would be entitled to obtain a decree adjudicating that any Material Plan must be terminated;

(i) any Change of Control shall occur;

(j) the Borrower or any of its Restricted Subsidiaries that are Significant Subsidiaries shall (i) have entered involuntarily against it an order for relief under the United States Bankruptcy Code, as amended, and such period shall continue for a period of sixty (60) days, (ii) admit in writing its inability to pay its debts generally as they become due, (iii) make a general assignment for the benefit of creditors, (iv) apply for, seek, consent to or acquiesce in, the appointment of a receiver, custodian, trustee, examiner, provisional liquidator, liquidator or similar official for it or any substantial part of its Property, or (v) institute any proceeding seeking to have entered against it an order for relief under the United States Bankruptcy Code, as amended, to adjudicate it insolvent, or seeking dissolution, winding up, liquidation, reorganization, arrangement, adjustment or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors; or

(k) a custodian, receiver, trustee, examiner, provisional liquidator, liquidator or similar official shall be appointed for the Borrower or any of its Restricted Subsidiaries that are Significant Subsidiaries, or any substantial part of any of its Property, or a proceeding described in Section 7.1(j)(v) shall be instituted against the Borrower or any Restricted Subsidiary that is a Significant Subsidiary, and such

appointment continues undischarged or such proceeding continues undismitted or unstayed for a period of 60 days.

**Section 7.2 *Non-Bankruptcy Defaults.*** When any Event of Default other than those described in subsection (j) or (k) of Section 7.1 hereof has occurred and is continuing, the Administrative Agent shall, by written notice to the Borrower: (a) if so directed by the Required RC Lenders, terminate the remaining Revolving Credit Commitments, and if so directed by the Required Lenders, terminate all other obligations of the Lenders hereunder on the date stated in such notice (which may be the date thereof); (b) if so directed by the Required Lenders, declare the principal of and the accrued interest on all outstanding Loans to be forthwith due and payable and thereupon all outstanding Loans, including both principal and interest thereon, shall be and become immediately due and payable together with all other amounts payable under the Loan Documents without further demand, presentment, protest or notice of any kind; (c) after a breach or default by the Borrower under Section 6.22, if so directed by the Required RC/TLA Lenders, terminate the remaining Revolving Credit Commitments and declare the principal of and the accrued interest on all outstanding Revolving Loans and Term A-1 Loans to be forthwith due and payable, and thereafter, if so directed by the Required RC/TLA Lenders, terminate all other obligations of the Revolving Lenders and Term A-1 Lenders hereunder on the date stated in such notice (which may be the date thereof) and (d) if so directed by the Required RC Lenders, demand that the Borrower immediately pay to the Administrative Agent, as cash collateral, the full amount then available for drawing under each or any Letter of Credit, whether or not any drawings or other demands for payment have been made under any Letter of Credit. The Administrative Agent, after giving notice to the Borrower pursuant to Section 7.1(c) or this Section 7.2, shall also promptly send a copy of such notice to the other Lenders, but the failure to do so shall not impair or annul the effect of such notice.

**Section 7.3 *Bankruptcy Defaults.*** When any Event of Default described in subsections (j) or (k) of Section 7.1 hereof has occurred and is continuing, then all outstanding Loans shall immediately become due and payable together with all other amounts payable under the Loan Documents without presentment, demand, protest or notice of any kind, the Revolving Credit Commitments and any and all other obligations of the Lenders to extend further credit pursuant to any of the terms hereof shall immediately terminate and the Borrower shall immediately pay to the Administrative Agent, as cash collateral, the full amount then available for drawing under all outstanding Letters of Credit, whether or not any draws or other demands for payment have been made under any of the Letters of Credit.

**Section 7.4 *Collateral for Undrawn Letters of Credit.***

(a) If the prepayment of the amount available for drawing under any or all outstanding Letters of Credit is required under Section 2.8(c)(v) or under Section 7.2 or 7.3 above, the Borrower shall forthwith pay the amount required to be so prepaid, to be held by the Administrative Agent as provided in subsection (b) below.

(b) All amounts prepaid pursuant to clause (a) above shall be held by the Administrative Agent in one (1) or more separate collateral accounts (each such account, and the credit balances, properties, and any investments from time to time held therein, and any substitutions for such account, any certificate of deposit or other instrument evidencing any of the foregoing and all proceeds of and earnings on any of the foregoing being collectively called the “*Collateral Account*”) as security for, and for application by the Administrative Agent (to the extent available) to, the reimbursement of any payment under any Letter of Credit then or thereafter made by the L/C Issuers, and to the payment of the unpaid balance of any other

Obligations in respect of any Letter of Credit. The Collateral Account shall be held in the name of and subject to the exclusive dominion and control of the Administrative Agent for the benefit of the Administrative Agent, the Lenders and the L/C Issuers. If and when requested by the Borrower, the Administrative Agent shall invest funds held in the Collateral Account from time to time in direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America with a remaining maturity of one (1) year or less; *provided* that the Administrative Agent is irrevocably authorized to sell investments held in the Collateral Account when and as required to make payments out of the Collateral Account for application to amounts due and owing from the Borrower to the L/C Issuers, the Administrative Agent or the Lenders in respect of any Letter of Credit; *provided, however*, that if (i) the Borrower shall have made payment of all such obligations referred to in clause (a) above and (ii) no Letters of Credit remain outstanding hereunder, then the Administrative Agent shall release to the Borrower any remaining amounts held in the Collateral Account.

Section 7.5 *Notice of Default*. The Administrative Agent shall give notice to the Borrower under Section 7.1(c) hereof promptly upon being requested to do so by the Required Lenders and shall at such time also notify all the Lenders thereof.

## **ARTICLE 8. CHANGE IN CIRCUMSTANCES AND CONTINGENCIES.**

Section 8.1 *Funding Indemnity*. If any Lender shall incur any loss, cost or expense (including, without limitation, any loss, cost or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired by such Lender to fund or maintain any Eurodollar Loan, but excluding any loss of margin) as a result of:

(a) any payment, prepayment or conversion of a Eurodollar Loan on a date other than the last day of its Interest Period (excluding a release of the Escrow Account Funds pursuant to Section 2.8(c)(ix) of the Original Loan Agreement),

(b) any failure (because of a failure to meet the conditions of Article 3 or otherwise) by the Borrower to borrow or continue a Eurodollar Loan, or to convert a Loan that is a Base Rate Loan into a Eurodollar Loan, on the date specified in a notice given pursuant to Section 2.5(a) hereof,

(c) any failure by the Borrower to make any payment of principal on any Eurodollar Loan when due (whether by acceleration or otherwise),

(d) any failure by the Borrower to prepay a Eurodollar Loan on the date specified in a notice of prepayment given pursuant to Section 2.8(a)(i) hereto (including where such notice has been revoked by the Borrower or otherwise (unless such notice may be revoked under Section 2.5 and is revoked in accordance therewith)),

(e) any acceleration of the maturity of a Eurodollar Loan as a result of the occurrence of any Event of Default hereunder, or

(f) any assignment of a Eurodollar Loan on a day prior to the last day of the Interest Period therefor as a result of a request by the Borrower pursuant to Section 8.5,

then, within ten (10) days after the written demand of such Lender, the Borrower shall pay to such Lender such amount as will reimburse such Lender for such loss, cost or expense. If any Lender makes such a claim for compensation, it shall provide to the Borrower, with a copy to the Administrative Agent, a certificate setting forth the amount of such loss, cost or expense in reasonable detail (including an explanation of the basis for and the computation of such loss, cost or expense) and the amounts shown on such certificate shall be conclusive absent manifest error.

**Section 8.2 *Illegality.*** Notwithstanding any other provisions of this Agreement or any other Loan Document, if at any time any change in applicable law, rule or regulation or in the interpretation thereof makes it unlawful for any Lender to make or continue to maintain any Eurodollar Loans whose interest is determined by reference to Adjusted LIBOR, or to perform its obligations as contemplated hereby with respect to such Eurodollar Loans, such Lender shall promptly give notice thereof to the Borrower and the Administrative Agent and such Lender's obligations to make or maintain Eurodollar Loans in the affected currency or currencies under this Agreement shall be suspended until it is no longer unlawful for such Lender to make or maintain Eurodollar Loans in such affected currency or currencies. In the case of Eurodollar Loans denominated in Dollars, such Lender may require that such affected Eurodollar Loans be converted to Base Rate Loans from such Lender automatically on the effective date of the notice provided above, and such Base Rate Loans shall not be made ratably by the Lenders but only from such affected Lender. Each Lender agrees to notify the Administrative Agent and the Borrower in writing promptly following any date on which it becomes lawful for such Lender to make and maintain Eurodollar Loans or give effect to its obligations as contemplated hereby with respect to any Eurodollar Loan.

**Section 8.3 *Alternate Rate of Interest.***

(a) If prior to the commencement of any Interest Period for a Eurodollar Loan:

(i) the Administrative Agent determines in good faith and in its reasonable discretion (which determination shall be deemed presumptively correct absent manifest error) that adequate and reasonable means do not exist for ascertaining the Adjusted LIBOR for such Interest Period, as applicable; or

(ii) the Administrative Agent determines in good faith and in its reasonable discretion or is advised in writing by the Required Lenders (which determination shall be deemed presumptively correct absent manifest error) that deposits in Dollars or Euros, as applicable, are not being offered to banks in the London interbank eurodollar market for the applicable amount and Interest Period of such Eurodollar Loan; or

(iii) the Administrative Agent determines in good faith and in its reasonable discretion or is advised in writing by the Required Lenders that the Adjusted LIBOR for such Interest

Period, as applicable, will not adequately and fairly reflect the cost to such Lenders of making or maintaining their Loans included in such Borrowing for such Interest Period (in each case with respect to the Eurodollar Loans impacted by this clause (iii) or clauses (i) or (ii) above, “*Impacted Loans*”);

then the Administrative Agent shall give written notice thereof to the Borrower and the Lenders as promptly as practicable thereafter and, until the Administrative Agent notifies the Borrower and the Lenders that the circumstances giving rise to such notice no longer exist (which notice shall be delivered by the Administrative Agent promptly after such situation ceases to exist), (i) in the event any Borrowing denominated in Dollars is so affected, any notice of continuation/conversion that requests the conversion of such Borrowing to, or continuation of any Borrowing as, a Eurodollar Loan shall be ineffective and (ii) if any notice of Borrowing requests a Eurodollar Loan, the relevant interest rate shall be the Interpolated Rate; *provided* that the Borrower may revoke any such notice of borrowing (without penalty) prior to such Borrowing upon written notice to the Administrative Agent.

(b) With respect to Term A-1 Loans and/or Revolving Loans, if at any time the Administrative Agent determines (which determination shall be conclusive absent manifest error) that (i) the circumstances set forth in clause (a)(i) have arisen and such circumstances are unlikely to be temporary or (ii) the circumstances set forth in clause (a)(i) have not arisen but the supervisor for the administrator of LIBOR Screen Rate or a Governmental Authority having jurisdiction over the Administrative Agent has made a public statement identifying a specific date after which the LIBOR Screen Rate shall 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 Adjusted LIBOR 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. Notwithstanding anything to the contrary in Section 10.11, 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 (5) Business Days of the date of the notice of such alternate rate of interest is provided to the Lenders, a written notice from the Required RC/TLA Lenders stating that such Required RC/TLA Lenders object to such amendment; *provided* that, to the extent such written notice is received from the Required RC/TLA Lenders within such time period, only the consent of the Required RC/TLA Lenders shall be necessary to amend this Agreement to reflect an alternate rate of interest to the LIBOR Screen Rate, and such other related changes to this Agreement as may be applicable. Until an alternate rate of interest shall be determined in accordance with this clause (b) (but, in the case of the circumstances described in clause (ii) of the first sentence of this Section 8.3(b), only to the extent the LIBOR Screen Rate for such Interest Period is not available or published at such time on a current basis), (x) any notice of continuation/conversion that requests the conversion of any Loan to, or continuation of any Loan as, a Eurodollar Loan shall be ineffective and (y) if any notice of

Borrowing requests a Eurodollar Loan, such Loan shall be made as a Base Rate Loan; *provided* that, if such alternate rate of interest shall be less than zero, such rate shall be deemed to be zero for the purposes of this Agreement.

(c) With respect to U.S. Term B-4 Loans, if at any time the Administrative Agent determines (which determination shall be conclusive absent manifest error) that (i) the circumstances set forth in clause (a)(i) have arisen and such circumstances are unlikely to be temporary or (ii) the circumstances set forth in clause (a)(i) have not arisen but the supervisor for the administrator of LIBOR Screen Rate or a Governmental Authority having jurisdiction over the Administrative Agent has made a public statement identifying a specific date after which the LIBOR Screen Rate shall 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 Adjusted LIBOR 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. Notwithstanding anything to the contrary in Section 10.11, 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 (5) Business Days of the date of the notice of such alternate rate of interest is provided to the Lenders, a written notice from the Required U.S. Term B-4 Lenders stating that such Required U.S. Term B-4 Lenders object to such amendment; *provided* that, to the extent such written notice is received from the Required U.S. Term B-4 Lenders within such time period, only the consent of the Required U.S. Term-4 B Lenders shall be necessary to amend this Agreement to reflect an alternate rate of interest to the LIBOR Screen Rate, and such other related changes to this Agreement as may be applicable. Until an alternate rate of interest shall be determined in accordance with this clause (c) (but, in the case of the circumstances described in clause (ii) of the first sentence of this Section 8.3(c), only to the extent the LIBOR Screen Rate for such Interest Period is not available or published at such time on a current basis), (x) any notice of continuation/conversion that requests the conversion of any Loan to, or continuation of any Loan as, a Eurodollar Loan shall be ineffective and (y) if any notice of Borrowing requests a Eurodollar Loan, such Loan shall be made as a Base Rate Loan; *provided* that, if such alternate rate of interest shall be less than zero, such rate shall be deemed to be zero for the purposes of this Agreement.

#### Section 8.4 *Yield Protection.*

(a) If, on or after the Closing Date, the adoption of any applicable law, rule or regulation, or any change therein, or any change in the interpretation or administration thereof by any Governmental Authority charged with the interpretation or administration thereof, or compliance by any Lender (or its Lending Office) or L/C Issuer with any request or directive (whether or not having the force of law) of any such Governmental Authority:

(i) shall subject any Lender (or its Lending Office) or L/C Issuer to any Taxes (other than (A) Indemnified Taxes and Other Taxes indemnifiable under Section 10.1 and (B) Excluded Taxes), with respect to its Eurodollar Loans, its Revolving Notes, its Letter(s) of Credit, or its participation in any thereof, any Reimbursement Obligations owed to it or its obligation to make Eurodollar Loans, issue a Letter of Credit, or to participate therein, or its deposits, reserves or other liabilities or capital attributable to any of the foregoing; or

(ii) shall impose, modify or deem applicable any reserve, special deposit or similar requirement (including, without limitation, any such requirement imposed by the Board of Governors of the Federal Reserve System, but excluding with respect to any Eurodollar Loans any such requirement included in an applicable Reserve Percentage) against assets of, deposits with or for the account of, or credit extended by, any Lender (or its Lending Office) or L/C Issuer or shall impose on any Lender (or its Lending Office) or L/C Issuer or on the interbank market any other condition affecting its Eurodollar Loans, its Revolving Notes, its Letter(s) of Credit, or its participation in any thereof, any Reimbursement Obligation owed to it, or its obligation to make Eurodollar Loans, or to issue a Letter of Credit, or to participate therein;

and the result of any of the foregoing is to increase the cost to such Lender (or its Lending Office) or L/C Issuer of making or maintaining any Eurodollar Loan, issuing or maintaining a Letter of Credit, or participating therein, or to reduce the amount of any sum received or receivable by such Lender (or its Lending Office) or L/C Issuer under this Agreement or under any other Loan Document with respect thereto, by an amount deemed by such Lender or L/C Issuer to be material, then, within 30 days after written demand by such Lender or L/C Issuer (with a copy to the Administrative Agent), the Borrower shall be obligated to pay to such Lender or L/C Issuer such additional amount or amounts as will compensate such Lender or L/C Issuer for such increased cost or reduction; *provided* that the Borrower shall not be required to compensate a Lender or L/C Issuer pursuant to this Section 8.4(a) for any increased costs or reductions suffered more than one hundred and eighty (180) days prior to the date that Lender or L/C Issuer notifies the Borrower of the change in law giving rise to such increased costs or reductions and of such Lender's or L/C Issuer's intention to claim compensation therefor (except that, if the change in law giving rise to such increased costs or reductions is retroactive, then the 180-day period referred to above shall be extended to include such period of retroactive effect).

(b) If, after the Closing Date, any Lender, L/C Issuer or the Administrative Agent shall have determined that the adoption of any applicable law, rule or regulation regarding capital adequacy or liquidity requirements, or any change therein, or any change in the interpretation or administration thereof by any Governmental Authority charged with the interpretation or administration thereof, or compliance by any Lender (or its Lending Office) or L/C Issuer or any corporation controlling such Lender or L/C Issuer with any request or directive regarding capital adequacy or liquidity (whether or not having the force of law) of any such Governmental

Authority has had the effect of reducing the rate of return on such Lender's, L/C Issuer's or corporation's capital as a consequence of its obligations hereunder to a level below that which such Lender, L/C Issuer or corporation could have achieved but for such adoption, change or compliance (taking into consideration such Lender's, L/C Issuer's or corporation's policies with respect to capital adequacy or liquidity) by an amount deemed by such Lender or L/C Issuer to be material, then from time to time, within 30 days after demand by such Lender or L/C Issuer (with a copy to the Administrative Agent), the Borrower shall pay to such Lender or L/C Issuer such additional amount or amounts as will compensate such Lender or L/C Issuer for such reduction; *provided* that the Borrower shall not be required to compensate a Lender or L/C Issuer pursuant to this Section 8.4(b) for any reductions suffered more than one hundred and eighty (180) days prior to the date that Lender or L/C Issuer notifies the Borrower of the change in law giving rise to such increased costs or reductions and of such Lender's or L/C Issuer's intention to claim compensation therefor (except that, if the change in law giving rise to such increased costs or reductions is retroactive, then the 180-day period referred to above shall be extended to include such period of retroactive effect).

(c) Notwithstanding anything herein to the contrary, (i) all requests, rules, guidelines, requirements and directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or by United States or foreign regulatory authorities, in each case pursuant to Basel III, and (ii) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines, requirements and directives thereunder or issued in connection therewith or in implementation thereof, shall, in each case, be deemed to be a change in law, regardless of the date enacted, adopted, issued or implemented (but solely to the extent the relevant increased costs or loss of yield would otherwise have been subject to compensation by the Borrower under the applicable increased cost provisions).

(d) A Lender or L/C Issuer claiming compensation under this Section 8.4 shall only be entitled to reimbursement by the Borrower (i) if such Lender or L/C Issuer has delivered to Borrower a certificate claiming compensation under this Section 8.4 and setting forth the additional amount or amounts to be paid to it hereunder at the time of such demand, which shall be conclusive absent manifest error (it being understood that in determining such amount, such Lender may use any reasonable averaging and attribution methods) and (ii) to the extent the applicable Lender is generally requiring reimbursement therefor from similarly situated United States borrowers under comparable syndicated credit facilities; *provided* that, in connection with asserting any such claim, no confidential information need be disclosed. No failure or delay by a Lender or L/C Issuer in exercising any right or power pursuant to this Section 8.4 shall operate as a waiver thereof.

**Section 8.5 *Substitution of Lenders.*** In the event that (a) the Borrower receives a claim from any Lender for compensation under Section 8.4, Section 10.1 or Section 10.4 hereof, (b) the Borrower receives a notice from any Lender of any illegality pursuant to Section 8.2 hereof, (c) any Lender is a Defaulting Lender or (d) any

Lender fails to consent to any amendment, waiver, supplement or other modification pursuant to Section 10.11 requiring the consent of all Lenders or each Lender directly affected thereby (and such Lender is so affected), and as to which the Required Lenders or a majority of all Lenders directly affected thereby have otherwise consented (any such Lender referred to in clause (d) above being hereinafter referred to as a “*Non-Consenting Lender*” and any Non-Consenting Lender and any such Lender referred to in clause (a), (b) or (c) above being hereinafter referred to as an “*Affected Lender*”), the Borrower may, in addition to any other rights the Borrower may have hereunder or under applicable law, (i) require, at its expense, any such Affected Lender to assign, at par plus accrued interest and fees, without recourse, all of its interest, rights, and obligations hereunder (including all of its Revolving Credit Commitments and the Revolving Loans and participation interests in Letters of Credit and other amounts at any time owing to it hereunder and the other Loan Documents) to an Eligible Assignee specified by the Borrower; provided that (A) such assignment shall not conflict with or violate any law, rule or regulation or order of any Governmental Authority, (B) if the assignment is to a Person other than a Lender, the Borrower shall have received the written consent of the Administrative Agent and, in the case of any Revolving Credit Commitment, the L/C Issuers, which consents shall not be unreasonably withheld or delayed, to such assignment, (C) the Borrower shall have paid to the Affected Lender all monies (together with amounts due such Affected Lender under Section 8.1 hereof as if the Loans owing to it were prepaid rather than assigned and any premium owing to such Affected Lender under Section 2.8(a)(iii)) other than principal, interest and fees owing to it hereunder, (D) the Borrower shall repay (or the replacement bank or institution shall purchase, at par) all Loans and other amounts (other than any disputed amounts), pursuant to Section 10.10 owing to such replaced Lender prior to the date of replacement, (E) the assignment is entered into in accordance with the other requirements of Section 10.10 hereof and (F) any such assignment shall not be deemed to be a waiver of any rights that the Borrower, the Administrative Agent or any other Lender shall have against the Affected Lender, or (ii) terminate the Revolving Credit Commitment of such Affected Lender and repay all Obligations of the Borrower owing to such Lender as of such termination date. Each party hereto agrees that an assignment required pursuant to this Section 8.5 may be effected pursuant to an Assignment and Assumption executed by the Borrower, the Administrative Agent and the assignee and that the Affected Lender required to make such assignment need not be a party thereto.

**Section 8.6 *Lending Offices.*** Each Lender may, at its option, elect to make its Loans hereunder at the branch, office or affiliate specified on the appropriate signature page hereof (each a “*Lending Office*”) for each type of Loan available hereunder or at such other of its branches, offices or affiliates as it may from time to time elect and designate in a written notice to the Borrower and the Administrative Agent. To the extent reasonably possible, a Lender shall designate an alternative branch or funding office with respect to its Eurodollar Loans to reduce any liability of the Borrower to such Lender under Section 8.4 hereof (or with respect to any payment by or on behalf of any Loan Party under this Agreement or any other Loan Document, to reduce any liability of the Borrower to such Lender under section 10.1 hereof), or to avoid the unavailability of Eurodollar Loans under Section 8.2 hereof, so long as such designation is not disadvantageous to the Lender.

## **ARTICLE 9. THE ADMINISTRATIVE AGENT**

**Section 9.1 *Appointment and Authorization of Administrative Agent.*** Each Lender hereby appoints JPMorgan Chase Bank, N.A., as the Administrative Agent and Collateral Agent under the Loan Documents and hereby authorizes the Administrative Agent to take such action as Administrative Agent on its behalf and to exercise such powers, rights and remedies under the Loan Documents as are delegated to the Administrative Agent by the terms thereof, together with such powers as are reasonably incidental thereto. The Administrative Agent shall have only those duties and responsibilities that are expressly specified in the Loan Documents. Each Agent may exercise such powers, rights and remedies and perform such duties by or through its agents or employees. Notwithstanding the use of “Administrative Agent” as a defined term, the Lenders expressly agree that the Administrative Agent is not acting as a fiduciary of any Lender in respect of the Loan Documents, the Borrower or otherwise, and nothing herein or in any of the other Loan Documents shall result in any duties or obligations on the

Administrative Agent or any of the Lenders except as expressly set forth herein and therein. The provisions of this Article 9 are solely for the benefit of the Administrative Agent and the Lenders and no Loan Party shall have any rights as a third party beneficiary of any of the provisions thereof (other than to the extent provided in Sections 9.1, 9.3, 9.7, 9.11 and 9.12). In performing its functions and duties hereunder, the Administrative Agent shall act solely as an 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 or any of its Subsidiaries, other than as provided in Section 10.10(c) with respect to the maintenance of the Register.

**Section 9.2 *Administrative Agent and its Affiliates.*** The Administrative Agent shall have the same rights and powers under this Agreement and the other Loan Documents as any other Lender and may exercise or refrain from exercising such rights and power as though it were not the Administrative Agent, and the Administrative Agent and its affiliates may accept deposits from, lend money to, own securities of and generally engage in any kind of banking, trust, financial advisory or other business with the Borrower or any Affiliate of the Borrower as if it were not the Administrative Agent under the Loan Documents, and may accept fees and other consideration from the Borrower for services in connection herewith and otherwise without having to account for the same to the Lenders. The term “Lender” as used herein and in all other Loan Documents, unless the context otherwise clearly requires, includes the Administrative Agent in its individual capacity as a Lender. References in Article 2 hereof to the amount owing to the Administrative Agent for which an interest rate is being determined, refer to the Administrative Agent in its individual capacity as a Lender.

**Section 9.3 *Action by Administrative Agent.*** If the Administrative Agent receives from the Borrower a written notice of an Event of Default pursuant to Section 6.1(f) hereof, the Administrative Agent shall promptly give each of the Lenders written notice thereof. Without limiting the generality of the foregoing, the Administrative Agent shall not be required to take any action hereunder with respect to any Default or Event of Default, except as expressly provided in the Loan Documents. Upon the occurrence of an Event of Default, the Administrative Agent shall take such action to enforce its Lien on the Collateral and to preserve and protect the Collateral as may be directed by the Required Lenders. Unless and until the Required Lenders give such direction, the Administrative Agent may (but shall not be obligated to) take or refrain from taking such actions as it deems appropriate and in the best interest of all the Lenders. In no event, however, shall the Administrative Agent be required to take any action in violation of Applicable Law or of any provision of any Loan Document, and the Administrative Agent shall in all cases be fully justified in failing or refusing to act hereunder or under any other Loan Document unless it first receives any further assurances of its indemnification from the Lenders that it may require, including prepayment of any related expenses and any other protection it requires against any and all costs, expense, and liability which may be incurred by it by reason of taking or continuing to take any such action. The Administrative Agent shall be entitled to assume that no Default or Event of Default exists unless notified in writing to the contrary by a Lender or the Borrower. In all cases in which the Loan Documents do not require the Administrative Agent to take specific action, the Administrative Agent shall be fully justified in using its discretion in failing to take or in taking any action thereunder. Any instructions of the Required Lenders, or of any other group of Lenders called for under the specific provisions of the Loan Documents, shall be binding upon all the Lenders and the holders of the Obligations.

**Section 9.4 *Consultation with Experts.*** The Administrative Agent may consult with legal counsel, independent public accountants, and other experts selected by it and shall not be liable for any action taken or omitted to be taken by it in good faith in accordance with the advice of such counsel, accountants or experts.

**Section 9.5 *Liability of Administrative Agent; Credit Decision; Delegation of Duties.***

(a) Neither the Administrative Agent nor any of its officers, partners, directors, employees or agents shall be liable to the Lenders for any action taken or omitted by the

Administrative Agent under or in connection with any of the Loan Documents except to the extent caused by the gross negligence or willful misconduct of the Administrative Agent or any of its officers, partners, directors, employees or agents, as determined by a final, non-appealable judgment of a court of competent jurisdiction. The Administrative Agent shall be entitled to refrain from any act or the taking of any action (including the failure to take an action) in connection herewith or any of the other Loan Documents or from the exercise of any power, discretion or authority vested in it hereunder or thereunder unless and until the Administrative Agent shall have received instructions in respect thereof from the Required Lenders (or such other Lenders as may be required to give such instructions under Section 10.11) and, upon receipt of such instructions from Required Lenders (or such other Lenders, as the case may be), the Administrative Agent shall be entitled to act or (where so instructed) refrain from acting, or to exercise such power, discretion or authority, in accordance with such instructions. Without prejudice to the generality of the foregoing, (i) the Administrative Agent 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 party or parties, 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 and its Subsidiaries), accountants, experts and other professional advisors selected by it; and (ii) no Lender shall have any right of action whatsoever against the Administrative Agent as a result of it acting or (where so instructed) refraining from acting hereunder or any of the other Loan Documents in accordance with the instructions of Required Lenders (or such other Lenders as may be required to give such instructions under Section 10.11). In particular and without limiting any of the foregoing, the Administrative Agent shall have no responsibility for confirming the accuracy of any Compliance Certificate or other document or instrument received by it under the Loan Documents. Neither the Administrative Agent nor any of its directors, officers, agents or employees shall be responsible for or have any duty to ascertain, inquire into or verify: (i) any statement, warranty, representation or recital made in connection with this Agreement, any other Loan Document or any Credit Extension, or made in any written or oral statements or in any financial or other statements, instruments, reports or certificates or any other documents furnished or made by the Administrative Agent to the Lenders or by or on behalf of any Loan Party to the Administrative Agent or any Lender in connection with the Loan Documents and the transactions contemplated thereby or for the financial condition or business affairs of any Loan Party or any other Person liable for the payment of any Obligations; (ii) the performance or observance of any of the terms, conditions, provisions, covenants or agreements of the Borrower or any Subsidiary contained herein or in any other Loan Document or any Credit Extension or the use of the proceeds of the Loans or as to the existence or possible existence of any Event of Default or Default or to make any disclosures with respect to the foregoing; (iii) the satisfaction of any condition specified in Article 3 hereof, except receipt of items required to be delivered to the Administrative Agent; or (iv) the execution, validity, effectiveness, genuineness, enforceability, perfection, value, worth or collectability hereof or of any other Loan Document or of any other documents or writing furnished in connection with any Loan Document or of any

Collateral; and the Administrative Agent makes no representation of any kind or character with respect to any such matter mentioned in this sentence. The Administrative Agent may execute any of its duties under any of the Loan Documents by or through employees, agents, and attorneys-in-fact and shall not be answerable to the Lenders, the Borrower, or any other Person for the default or misconduct of any such agents or attorneys-in-fact selected with reasonable care. The Administrative Agent may treat the payee of any Note as the holder thereof until written notice of transfer shall have been filed with the Administrative Agent signed by such payee in form satisfactory to the Administrative Agent. Each Lender acknowledges, represents and warrants that it has independently and without reliance on the Administrative Agent or any other Lender, and based upon such information, investigations and inquiries as it deems appropriate, made its own credit analysis and decision to extend credit to the Borrower in the manner set forth in the Loan Documents. It shall be the responsibility of each Lender to keep itself informed as to the creditworthiness of the Borrower and its Subsidiaries, and the Administrative Agent shall have no liability to any Lender with respect thereto. The Administrative Agent shall not have any duty or responsibility, either initially or on a continuing basis, to make any such investigation or any such appraisal on behalf of Lenders or to provide any Lender with any credit or other information with respect thereto, whether coming into its possession before the making of the Loans or at any time or times thereafter, and no Agent shall have any responsibility with respect to the accuracy of or the completeness of any information provided to Lenders.

(b) *Delegation of Duties.* The Administrative Agent may perform any and all of its duties and exercise its rights and powers under this Agreement or under any other Loan Document by or through any one (1) or more sub-agents appointed by the Administrative Agent (and not otherwise reasonably objected to by the Borrower within ten (10) days after notice of such appointment). The Administrative Agent and any such sub-agent may perform any and all of its duties and exercise its rights and powers by or through their respective Affiliates. The exculpatory, indemnification and other provisions of this Section 9.5 and of Section 9.6 shall apply to any Affiliates of the Administrative Agent and shall apply to their respective activities in connection with the syndication of the credit facilities provided for herein as well as activities as the Administrative Agent. All of the rights, benefits, and privileges (including the exculpatory and indemnification provisions) of this Section 9.5 and of Section 9.6 shall apply to any such sub-agent and to the Affiliates of any such sub-agent, and shall apply to their respective activities as sub-agent as if such sub-agent and Affiliates were named herein. Notwithstanding anything herein to the contrary, with respect to each sub-agent appointed by the Administrative Agent, (i) such sub-agent shall be a third party beneficiary under this Agreement with respect to all such rights, benefits and privileges (including exculpatory rights and rights to indemnification) and shall have all of the rights and benefits of a third party beneficiary, including an independent right of action to enforce such rights, benefits and privileges (including exculpatory rights and rights to indemnification) directly, without the consent or joinder of any other Person, against any or all of Loan Parties and the Lenders, (ii) such rights, benefits and privileges (including exculpatory rights and rights to indemnification) shall not be modified or amended without the

consent of such sub-agent, and (iii) such sub-agent shall only have obligations to the Administrative Agent and not to any Loan Party, Lender or any other Person and no Loan Party, Lender or any other Person shall have any rights, directly or indirectly, as a third party beneficiary or otherwise, against such sub-agent.

**Section 9.6 *Indemnity*.** The Lenders shall ratably, in accordance with their respective Percentages, indemnify the Administrative Agent, to the extent that the Administrative Agent has not been reimbursed by any Loan Party and without relieving any such Loan Party from its obligation to do so, for and against any and all liabilities, obligations, losses, damages, taxes, penalties, actions, judgments, suits, costs, expenses (including counsel fees and disbursements) or disbursements of any kind or nature whatsoever which may be imposed on, incurred by or asserted against the Administrative Agent in exercising its powers, rights and remedies or performing its duties hereunder or under the other Loan Documents or otherwise in its capacity as Administrative Agent in any way relating to or arising out of this Agreement or the other Loan Documents within ten (10) days after the date the Administrative Agent makes written demand therefor; *provided* that no Lender shall be liable for any portion of such liabilities, obligations, losses, damages, taxes, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from the Administrative Agent's gross negligence or willful misconduct or bad faith of, or material breach of the Loan Documents as determined by a final, non-appealable judgment of a court of competent jurisdiction. If any indemnity furnished to the Administrative Agent for any purpose shall, in the opinion of the Administrative Agent, be insufficient or become impaired, the Administrative Agent may call for additional indemnity and cease, or not commence, to do the acts indemnified against until such additional indemnity is furnished; *provided* that in no event shall this sentence require any Lender to indemnify the Administrative Agent against any liability, obligation, loss, damage, tax, penalty, action, judgment, suit, cost, expense or disbursement in excess of such Lender's ratable share thereof, in accordance with such Lender's respective Percentage; and *provided further* that this sentence shall not be deemed to require any Lender to indemnify the Administrative Agent against any liability, obligation, loss, damage, tax, penalty, action, judgment, suit, cost, expense or disbursement described in the proviso in the immediately preceding sentence. The obligations of the Lenders under this Section 9.6 shall survive termination of this Agreement. The Administrative Agent shall be entitled to offset amounts received for the account of a Lender under this Agreement against unpaid amounts due from such Lender to the Administrative Agent hereunder (whether as fundings of participations, indemnities or otherwise), but shall not be entitled to offset against amounts owed to the Administrative Agent by any Lender arising outside of this Agreement and the other Loan Documents.

**Section 9.7 *Resignation of Administrative Agent and Successor Administrative Agent*.** The Administrative Agent may resign at any time by giving ten (10) days written notice thereof to the Lenders and the Borrower (such retiring Administrative Agent, the "*Departing Administrative Agent*"). The Administrative Agent shall have the right to appoint a financial institution (which shall be a commercial bank with an office in the U.S. having combined capital and surplus in excess of \$1 billion) to act as Administrative Agent and/or Collateral Agent hereunder, with the written consent of the Borrower and the Required Lenders (not to be unreasonably withheld, and provided that the consent of the Borrower shall not be required during the continuance of an Event of Default), and the Administrative Agent's resignation shall become effective on the earliest of (i) 30 days after delivery of the notice of resignation, (ii) the acceptance of such successor Administrative Agent by the Borrower and the Required Lenders or (iii) such other date, if any, agreed to by the Borrower and the Required Lenders. Upon any such notice of resignation, if a successor Administrative Agent has not already been appointed by the retiring Administrative Agent, the Required Lenders shall have the right, upon the written consent of the Borrower (not to be unreasonably withheld, and provided that the consent of the Borrower shall not be required during the continuance of an Event of Default), to appoint a successor Administrative Agent. If neither the Required Lenders nor the Administrative Agent have appointed a successor Administrative Agent, the Required Lenders shall be deemed to have succeeded to and become vested with all the rights, powers, privileges and duties of the retiring Administrative Agent; *provided* that until a successor Administrative Agent is so appointed by the Required Lenders or the Administrative Agent, any collateral security held by the Administrative Agent in its role as Collateral Agent on

behalf of the Lenders or the L/C Issuer under any of the Loan Documents shall continue to be held by the retiring Collateral Agent as nominee until such time as a successor Collateral Agent is appointed. Upon the acceptance of any appointment as Administrative Agent hereunder by a successor Administrative Agent, that successor Administrative Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the Departing Administrative Agent and the Departing Administrative Agent shall promptly (i) transfer to such successor Administrative Agent all sums, securities and other items of Collateral held under the Collateral Documents, together with all records and other documents necessary or appropriate in connection with the performance of the duties of the successor Administrative Agent under the Loan Documents, and (ii) execute and deliver to such successor Administrative Agent such amendments to financing statements, and take such other actions, as may be necessary or appropriate in connection with the assignment to such successor Administrative Agent of the security interests created under the Collateral Documents, whereupon such Departing Administrative Agent shall be discharged from its duties and obligations hereunder. Except as provided above, any resignation or removal of JPMorgan Chase Bank, N.A. or its successor as Administrative Agent pursuant to this Section 9.7 shall also constitute the resignation of JPMorgan Chase Bank, N.A. or its successor as Collateral Agent. After any Departing Administrative Agent's resignation or replacement hereunder as Administrative Agent, the provisions of this Article 9 and all protective provisions of the other Loan Documents shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Administrative Agent, but no successor Administrative Agent shall in any event be liable or responsible for any actions of its predecessor. Any successor Administrative Agent appointed pursuant to this Section 9.7 shall, upon its acceptance of such appointment, become the successor Collateral Agent for all purposes hereunder.

**Section 9.8 *L/C Issuer.*** The L/C Issuers shall act on behalf of the Revolving Lenders with respect to any Letters of Credit issued by them and the documents associated therewith. The L/C Issuers shall have all of the benefits and immunities (i) provided to the Administrative Agent in this Article 9 with respect to any acts taken or omissions suffered by the L/C Issuers in connection with Letters of Credit issued by them or proposed to be issued by them and the Applications pertaining to such Letters of Credit as fully as if the term "Administrative Agent," as used in this Article 9, included the L/C Issuers with respect to such acts or omissions (it being understood and agreed that for purposes of this Section 9.8, all references to "Lenders" in this Article 9 shall be deemed to be references to "Revolving Lenders") and (ii) as additionally provided in this Agreement with respect to such L/C Issuer.

**Section 9.9 *Hedging Liability and Funds Transfer Liability and Deposit Account Liability Obligation Arrangements.*** By virtue of a Lender's execution of this Agreement or an assignment agreement pursuant to Section 10.10 hereof, as the case may be, any Affiliate of such Lender with whom the Borrower or any Subsidiary has entered into an agreement creating Hedging Liability or Funds Transfer Liability, Deposit Account Liability and Data Processing Obligations shall be deemed a Lender party hereto for purposes of any reference in a Loan Document to the parties for whom the Administrative Agent is acting, it being understood and agreed that the rights and benefits of such Affiliate under the Loan Documents consist exclusively of such Affiliate's right to share in payments and collections out of the Collateral as more fully set forth in Section 2.9 and Article 4 hereof. In connection with any such distribution of payments and collections, the Administrative Agent shall be entitled to assume no amounts are due to any Lender or its Affiliate with respect to Hedging Liability or Funds Transfer Liability, Deposit Account Liability and Data Processing Obligations unless such Lender has notified the Administrative Agent in writing of the amount of any such liability owed to it or its Affiliate prior to such distribution.

**Section 9.10 *No Other Duties.*** Anything herein to the contrary notwithstanding, none of the Joint Lead Arrangers, Co-Syndication Agents, Co-Documentation Agents, Senior Managing Agents or other agents or arrangers listed on the cover page hereof shall have any powers, duties or responsibilities under this Agreement or any of the other Loan Documents, except in its capacity, as applicable, as the Administrative Agent, a Lender or an L/C Issuer hereunder.

**Section 9.11 *Authorization to Enter into, and Enforcement of, the Collateral Documents.*** Subject to the Intercreditor Agreement, the Administrative Agent or Collateral Agent, as applicable, is hereby irrevocably authorized by each Secured Party to be the agent for and representative of the Secured Parties and to execute and deliver the Collateral Documents and Guaranty on behalf of and for the benefit of the Secured Parties and to take such action and exercise such powers under the Collateral Documents as the Administrative Agent or Collateral Agent, as applicable, considers appropriate; *provided* that neither the Administrative Agent nor the Collateral Agent shall owe any fiduciary duty, duty of loyalty, duty of care, duty of disclosure or any other obligation whatsoever to any other holder of Obligations with respect to any Hedge Agreement or Funds Transfer Liability, Deposit Account Liability and Data Processing Obligations. Neither the Administrative Agent nor the Collateral Agent shall (except as expressly provided in Section 10.11) amend the Collateral Documents unless such amendment is agreed to in writing by the Required Lenders. Each Lender acknowledges and agrees that it will be bound by the terms and conditions of the Collateral Documents upon the execution and delivery thereof by the Administrative Agent or the Collateral Agent, as applicable. Subject to the Intercreditor Agreement and except as otherwise specifically provided for herein, no Lender (or its Affiliates) other than the Administrative Agent or the Collateral Agent, as applicable, shall have the right to institute any suit, action or proceeding in equity or at law for the foreclosure or other realization upon any Collateral or for the execution of any trust or power in respect of the Collateral or for the appointment of a receiver or for the enforcement of any other remedy under the Collateral Documents; it being understood and intended that no one or more of the Lenders (or their Affiliates) shall have any right in any manner whatsoever to affect, disturb or prejudice the Lien of the Administrative Agent or the Collateral Agent (or any security trustee therefor), as applicable, under the Collateral Documents by its or their action or to enforce any right thereunder, and that all proceedings at law or in equity shall be instituted, had, and maintained by the Administrative Agent or Collateral Agent (or its security trustee), as applicable, in the manner provided for in the relevant Collateral Documents for the benefit of the Lenders and their Affiliates.

**Section 9.12 *Authorization to Release Liens, Etc.*** The Administrative Agent or Collateral Agent, as applicable, is hereby irrevocably authorized by each of the Lenders, without the further consent of any Lender, (and shall, upon the written request of the Borrower) to (and to execute any agreements, documents or instruments necessary to):

- (i) release any Lien covering any Property of the Borrower or its Subsidiaries that is the subject of a disposition to a Person that is not a Loan Party that is permitted by this Agreement or that has been consented to in accordance with Section 10.11;
- (ii) upon the Termination Date, release the Borrower and each of the Guarantors from its Obligations under the Loan Documents (other than those that specifically survive termination of this Agreement) and any Liens covering any of their Property with respect thereto;
- (iii) release any Guarantor from its obligations under any Loan Document to which it is a party if such Person ceases to be a Restricted Subsidiary as a result of a transaction or designation permitted by this Agreement and the Liens on such Obligations shall be automatically released;
- (iv) at the request of the Borrower, subordinate any Lien on any Property granted to or held by the Administrative Agent under any Loan Document to the holder of any Lien on such Property that is permitted by Sections 6.15(I)(e), (w) or (x) or 6.15(II)

(e), as applicable, or, with respect to the replacement of Liens, permitted by Sections 6.15(e), (w) or (x) or 6.15(II)(e), as applicable;

(v) enter into any intercreditor arrangements contemplated by Sections 2.14, 2.15, 6.13, 6.14, and/or 6.15 that will allow additional secured debt that is permitted under the Loan Documents to be secured by a lien on the Collateral on a *pari passu* or junior basis with the Obligations. The terms of such intercreditor arrangements shall be customary and reasonably acceptable to the Administrative Agent and the Borrower; and

(vi) amend any Collateral Documents, enter into any new Collateral Documents and make any filings related thereto in connection with any Secured Covenant Reinstatement Event.

The Lenders hereby irrevocably agree that the Liens granted to the Collateral Agent by the Grantors on any Collateral shall be automatically released (i) in full, upon the Termination Date, (ii) upon the sale or other transfer of such Collateral (including as part of or in connection with any other sale or other transfer permitted hereunder) to any Person other than another Grantor, to the extent such sale, transfer or other disposition is made in compliance with the terms of this Agreement, (iii) to the extent such Collateral is comprised of property leased to a Grantor by a Person that is not a Grantor, upon termination or expiration of such lease, (iv) if the release of such Lien is approved, authorized or ratified in writing by the Required Lenders (or such other percentage of the Lenders whose consent may be required in accordance with Section 10.11), (v) as required by the Collateral Agent to effect any sale, transfer or other disposition of Collateral in connection with any exercise of remedies of the Collateral Agent pursuant to the Collateral Documents and (vi) to the extent such Collateral otherwise becomes Excluded Property.

The Lenders hereby irrevocably agree that if (a) all of the Equity Interests of any Guarantor or any of its successors in interest hereunder shall be transferred, sold or otherwise disposed of (including by merger or consolidation) in accordance with the terms and conditions hereof to a Person that is not a Loan Party or (b) a Guarantor or any of its successors in interest hereunder becomes an Excluded Subsidiary after the Escrow Release Date, then, in each case, the Guaranty of such Guarantor or such successor in interest, as the case may be, hereunder shall automatically be discharged and released without any further action by any Person effective as of (or if a Guarantor becomes an Excluded Subsidiary, immediately prior to) the time of such transfer, sale, disposal or occurrence; *provided* that a release of a Guarantor (other than the SD Guarantor) in connection with such Guarantor becoming an Excluded Subsidiary shall constitute an investment in such Excluded Subsidiary as of the date of such release.

Notwithstanding anything to the contrary contained in this Agreement or any Loan Document, following a Collateral and Guarantee Suspension Date, the Unsecured Covenant Package shall become effective. Notwithstanding the prior sentence, if, after any

Collateral and Guarantee Suspension Date, a Secured Covenant Reinstatement Event occurs, the Collateral and Guarantee Suspension Period shall terminate and all Collateral and the Collateral Documents, and all Liens granted or purported to be granted therein, and all guaranties of the Guarantors of the Obligations, shall be reinstated on the same terms as of the applicable Collateral Reinstatement Date, and the Loan Parties shall, at their sole cost and expense, take all actions and execute and deliver all documents including the delivery of new guaranty and pledge and security documents, UCC-1 financing statements and stock certificates accompanied by stock powers reasonably requested by the Administrative Agent or Collateral Agent as necessary to create and perfect the Liens of the Collateral Agent in such Collateral, in form and substance reasonably satisfactory to the Administrative Agent and Collateral Agent, within 90 days of such Secured Covenant Reinstatement Event (or such longer period as the Administrative Agent may agree in its sole discretion) (the first date on which a new pledge and or security document is required to be delivered pursuant to the foregoing, the “*Collateral Reinstatement Date*”). Upon the occurrence of a Secured Covenant Reinstatement Event, the Secured Covenant Package shall become effective and the Unsecured Covenant Package shall no longer be in effect. Notwithstanding anything to the contrary contained in this Agreement or any Loan Document, no action taken or omitted to be taken by the Borrower or any of its Restricted Subsidiaries during a Unsecured Covenants Period shall give rise to a Default or Event of Default on or after a Secured Covenant Reinstatement Event so long as such action or omission was permitted under the Unsecured Covenant Package or otherwise permitted during such Unsecured Covenants Period. Upon the applicable Secured Covenant Reinstatement Event, (i) all Indebtedness incurred during such Unsecured Covenants Period that otherwise would not have been permitted under the Secured Covenant Package will be classified to have been incurred pursuant to Section 6.14(I)(p) (and any Indebtedness incurred by Western Digital International Ltd. during a Unsecured Covenants Period shall be permitted notwithstanding the last paragraph of Section 6.14 and shall not be counted towards the calculation of the cap therein), (ii) all Liens incurred during such Unsecured Covenants Period that otherwise would not have been permitted under the Secured Covenant Package will be classified to have been incurred pursuant to Section 6.15(I)(v) (and any Indebtedness of non-Loan Parties secured by Liens on intellectual property incurred during a Unsecured Covenants Period shall be permitted notwithstanding the last paragraph of Section 6.15 and shall not be counted towards the calculation of the cap therein), (iii) with respect to investments made under the Secured Covenant Package, the amount available to be made as investments will be calculated as though the provisions of Section 6.17 had been in effect prior to, but not during, any Unsecured Covenants Period, (iv) with respect to Distributions made under the Secured Covenant Package, the amount available to be made as Distributions will be calculated as though the provisions of Section 6.18 had been in effect prior to, but not during, any Unsecured Covenants Period, (v) with respect to Restricted Debt Payments made under the Secured Covenant Package, the amount available to be made as Restricted Debt Payments will be calculated as though Section 6.20 had been in effect prior to, but not during, any Unsecured Covenants Period and (vi) no Subsidiaries shall be designated as Unrestricted Subsidiaries during any Unsecured Covenants Period.

For purposes of this Agreement, (i) the period of time between a Collateral and Guarantee Suspension Date and the subsequent Collateral Reinstatement Date is referred to as the “*Collateral and Guarantee Suspension Period*,” (ii) any period of time prior to the first Collateral and Guarantee Suspension Date, or following the first Collateral and Guarantee Suspension Date and after a Collateral Reinstatement Date but prior to the subsequent Collateral and Guarantee Suspension Date, is referred to as a “*Collateral and Guarantee Period*,” (iii) the period of time between a Collateral and Guarantee Suspension Date and the date of the subsequent Secured Covenant Reinstatement Event, is referred to as the “*Unsecured Covenants Period*” and (iv) any period of time prior to the first Collateral and Guarantee Suspension Date, or following the first Collateral and Guarantee Suspension Date and after a Secured Covenant Reinstatement Event but prior to the subsequent Collateral and Guarantee Suspension Date, is referred to as the “*Secured Covenants Period*”.

Any representation, warranty or covenant contained in any Loan Document relating to any Collateral or Guarantor released pursuant to this Section 9.12 shall no longer be deemed to be repeated with respect to such released Collateral or released Guarantor.

Section 9.13 *Withholding Taxes*. To the extent required by any applicable laws, the Administrative Agent may withhold from any payment to any Lender an amount equivalent to any applicable withholding Tax. Without limiting or expanding the provisions of Section 10.1, each Lender shall indemnify and hold harmless the Administrative Agent against, within ten (10) days after written demand therefor, any and all Taxes and any and all related losses, claims, liabilities and expenses (including fees, charges and disbursements of any counsel for the Administrative Agent) incurred by or asserted against the Administrative Agent by the IRS or any other Governmental Authority as a result of the failure of the Administrative Agent to properly withhold Tax from amounts paid to or for the account of any Lender for any reason (including, without limitation, because the appropriate form was not delivered or not properly executed, or because such Lender failed to notify the Administrative Agent of a change in circumstance that rendered the exemption from, or reduction of withholding Tax ineffective). A certificate as to the amount of such payment or liability delivered to any Lender by the Administrative Agent shall be conclusive absent manifest error. Each Lender hereby authorizes the Administrative Agent to set off and apply any and all amounts at any time owing to such Lender under this Agreement or any other Loan Document against any amount due the Administrative Agent under this Section 9.13. For the avoidance of doubt, a “Lender” shall, for purposes of this Section 9.13, include any L/C Issuer. The agreements in this Section 9.13 shall survive the resignation and/or replacement of the Administrative Agent, 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.

Section 9.14 *Credit Bidding*. The Secured Parties hereby irrevocably authorize the Administrative Agent, at the direction of the Required Lenders, to credit bid all or any portion of the Obligations (including by accepting some or all of the Collateral (if any) in satisfaction of

some or all of the Obligations pursuant to a deed in lieu of foreclosure or otherwise) and in such manner purchase (either directly or through one or more acquisition vehicles) all or any portion of the Collateral (if any) (a) at any sale thereof conducted under the provisions of the United States Bankruptcy Code, as amended, including under Sections 363, 1123 or 1129 thereof, or any similar laws in any other jurisdictions to which a Loan Party is subject, or (b) at any other sale, foreclosure or acceptance of collateral in lieu of debt conducted by (or with the consent or at the direction of) the Administrative Agent (whether by judicial action or otherwise) in accordance with any applicable law. In connection with any such credit bid and purchase, the Obligations owed to the Secured Parties shall be entitled to be, and shall be, credit bid by the Administrative Agent at the direction of the Required Lenders on a ratable basis (with Obligations with respect to contingent or unliquidated claims receiving contingent interests in the acquired assets on a ratable basis that shall vest upon the liquidation of such claims in an amount proportional to the liquidated portion of the contingent claim amount used in allocating the contingent interests) for the asset or assets so purchased (or for the equity interests or debt instruments of the acquisition vehicle or vehicles that are issued in connection with such purchase). In connection with any such bid (i) the Administrative Agent shall be authorized to form one or more acquisition vehicles and to assign any successful credit bid to such acquisition vehicle or vehicles (ii) each of the Secured Parties' ratable interests in the Obligations which were credit bid shall be deemed without any further action under this Agreement to be assigned to such vehicle or vehicles for the purpose of closing such sale, (iii) the Administrative Agent shall be authorized to adopt documents providing for the governance of the acquisition vehicle or vehicles (*provided* that any actions by the Administrative Agent with respect to such acquisition vehicle or vehicles, including any disposition of the assets or equity interests thereof, shall be governed, directly or indirectly, by, and the governing documents shall provide for, control by the vote of the Required Lenders or their permitted assignees under the terms of this Agreement or the governing documents of the applicable acquisition vehicle or vehicles, as the case may be, irrespective of the termination of this Agreement and without giving effect to the limitations on actions by the Required Lenders contained in Section 10.11), (iv) the Administrative Agent on behalf of such acquisition vehicle or vehicles shall be authorized to issue to each of the Secured Parties, ratably on account of the relevant Obligations which were credit bid, interests, whether as equity, partnership, limited partnership interests or membership interests, in any such acquisition vehicle and/or debt instruments issued by such acquisition vehicle, all without the need for any Secured Party or acquisition vehicle to take any further action, and (v) to the extent that Obligations that are assigned to an acquisition vehicle are not used to acquire Collateral for any reason (as a result of another bid being higher or better, because the amount of Obligations assigned to the acquisition vehicle exceeds the amount of Obligations credit bid by the acquisition vehicle or otherwise), such Obligations shall automatically be reassigned to the Secured Parties pro rata and the equity interests and/or debt instruments issued by any acquisition vehicle on account of such Obligations shall automatically be cancelled, without the need for any Secured Party or any acquisition vehicle to take any further action. Notwithstanding that the ratable portion of the Obligations of each Secured Party are deemed assigned to the acquisition vehicle or vehicles as

set forth in clause (ii) above, each Secured Party shall execute such documents and provide such information regarding the Secured Party (and/or any designee of the Secured Party which will receive interests in or debt instruments issued by such acquisition vehicle) as the Administrative Agent may reasonably request in connection with the formation of any acquisition vehicle, the formulation or submission of any credit bid or the consummation of the transactions contemplated by such credit bid.

## **ARTICLE 10. MISCELLANEOUS.**

### Section 10.1 *Taxes.*

(a) *Payments Free of Withholding.* Except as otherwise required by law, each payment by or on behalf of any Loan Party under this Agreement or any other Loan Document shall be made without withholding or deduction for or on account of any Taxes. If any such withholding or deduction is so required, such withholding or deduction shall be made by the applicable withholding agent, the amount withheld shall be paid to the appropriate Governmental Authority before penalties attach thereto or interest accrues thereon, and the relevant Loan Party shall pay such additional amount as may be necessary to ensure that the net amount actually received by each Lender (or, in the case of any amount received by the Administrative Agent for its own account, the Administrative Agent) after withholding or deduction for Taxes has been made (including such withholding or deduction of Taxes on such additional amount payable under this Section 10.1) is equal to the amount that such Lender (or, in the case of any amount received by the Administrative Agent for its own account, the Administrative Agent) would have received had such withholding or deduction not been made.

(b) *Indemnification by the Borrower.* The Borrower shall indemnify the Administrative Agent and each Lender for the full amount of any Indemnified Taxes (including any Indemnified Taxes imposed or asserted on or attributable to amounts payable under this Section 10.1) paid or payable by Administrative Agent or such Lender, as applicable, and any reasonable expenses arising therefrom or with respect thereto, in the currency in which such payment was made, whether or not such amounts were correctly or legally imposed or asserted by the relevant Governmental Authority, within ten (10) days after the date the Lender or the Administrative Agent makes written demand therefor, which demand shall be accompanied by a certificate describing in reasonable detail the basis thereof.

### (c) *Status of Lenders.*

(i) Each Lender shall, at such times as are reasonably requested by the Borrower or the Administrative Agent, provide the Borrower and the Administrative Agent with any documentation reasonably requested by the Borrower or the Administrative Agent certifying as to any entitlement of such Lender to an exemption from, or reduction in, withholding Tax with respect to any payments to be made to such

Lender under any Loan Document. Each such Lender shall, whenever a lapse in time or change in circumstances renders such documentation (including any specific documentation required below in this Section 10.1(c)) obsolete, expired or inaccurate in any material respect, deliver promptly to the Borrower and the Administrative Agent updated or other appropriate documentation (including any new documentation reasonably requested by the Borrower or the Administrative Agent) or promptly notify the Borrower and the Administrative Agent in writing of its legal ineligibility to do so.

(ii) Without limiting the generality of the foregoing:

(A) Each Lender that is a United States person (as such term is defined in Section 7701(a)(30) of the Code) shall deliver to the Borrower and the Administrative Agent on or prior to the date such Lender becomes a Lender hereunder (and from time to time thereafter upon reasonable request of the Borrower or the Administrative Agent), two (2) duly completed and signed copies of IRS Form W-9 certifying that such Lender is entitled to an exemption from U.S. backup withholding.

(B) Each Lender that is not a United States person (as such term is defined in Section 7701(a)(30) of the Code) shall deliver to the Borrower and the Administrative Agent on or prior to the date such Lender becomes a Lender hereunder (and from time to time thereafter upon reasonable request of the Borrower or the Administrative Agent), whichever of the following is applicable:

- (i) two (2) duly completed and signed IRS Forms W-8BEN or IRS Forms W-8BEN-E, as applicable, claiming eligibility for the benefits of an income tax treaty to which the United States is a party, and such other documentation as required under the Code;
- (ii) two (2) duly completed and signed IRS Forms W-8ECI;
- (iii) in the case of a Lender claiming the benefits of the exemption for portfolio interest under Section 871(h) or Section 881(c) of the Code, (x) two (2) duly completed and signed certificates substantially in the form of Exhibit L-1 (any such certificate, a “*U.S. Tax Compliance Certificate*”) and (y) two (2) duly completed and signed IRS Forms W-8BEN or IRS Forms W-8BEN-E, as applicable;
- (iv) to the extent a Lender is not the beneficial owner (for example, where the Lender is a partnership or a participating Lender), two (2) duly completed and signed IRS Forms W-8IMY of the Lender, together with an IRS Form W-8ECI, IRS Form W-8BEN, IRS Form W-8BEN-E, U.S. Tax Compliance Certificate substantially in the form of Exhibit L-2 or Exhibit L-3, IRS Form W-9, and/or other certifications documents from each

beneficial owner, as applicable, *provided* that if the Lender is a partnership and one or more direct or indirect partners of such Lender are claiming the portfolio interest exemption, such Lender may provide a U.S. Tax Compliance Certificate substantially in the form of Exhibit L-4 on behalf of each such direct and indirect partner; or

- (v) two (2) duly completed and signed copies of any other form prescribed by applicable U.S. federal income tax laws as a basis for claiming exemption from or a reduction in U.S. federal withholding Tax, together with such supplementary documentation as may be prescribed by Applicable Laws to permit the Borrower or the Administrative Agent to determine any withholding or deduction required to be made.

(C) If a payment made to the Administrative Agent or a Lender under any Loan Document would be subject to U.S. federal withholding Tax imposed by FATCA if the Administrative Agent or such Lender were to fail to comply with the requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), the Administrative Agent or such Lender, as applicable, shall deliver to the Borrower and (other than in the case of a payment to the Administrative Agent) the Administrative Agent at the time or times prescribed by Applicable Laws and at such time or times reasonably requested by the Borrower or the Administrative Agent such documentation prescribed by Applicable Laws (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the Borrower or the Administrative Agent as may be necessary for the Borrower and the Administrative Agent to comply with their obligations under FATCA and to determine whether the Administrative Agent or such Lender has complied with its obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this clause (C), "FATCA" shall include any amendments made to FATCA after the Closing Date.

(iii) Notwithstanding any other provision of this Section 10.1(c), a Lender shall not be required to deliver any form that such Lender is not legally eligible to deliver.

(iv) Each Lender hereby authorizes the Administrative Agent to deliver to the Loan Parties and to any successor Administrative Agent any documentation provided by such Lender to the Administrative Agent pursuant to this Section 10.1(c).

(d) *Evidence of Payments.* After any payment of Taxes by any Loan Party to a Governmental Authority pursuant to this Section 10.1 or Section 10.4, such Loan Party shall deliver official tax receipts evidencing that payment or certified copies thereof (or, if such receipts are not available, other evidence of payment reasonably acceptable to the relevant Lender or Administrative Agent) to the Lender or Administrative Agent on whose account such

withholding was made (with a copy to the Administrative Agent if not the recipient of the original) on or before the thirtieth day after payment.

(e) *Tax Refunds*. If the Administrative Agent or any Lender determines, in its sole discretion exercised in good faith, that it has received a refund of Taxes as to which it has been indemnified (including by the payment of additional amounts) pursuant to this Section 10.1 or Section 10.4, it shall pay over an amount equal to such refund to the Borrower (but only to the extent of indemnity payments made, or additional amounts paid, by a Loan Party under this Section 10.1 or Section 10.4 giving rise to such refund), net of all reasonable out-of-pocket expenses (including Taxes) of the Administrative Agent or such Lender, as applicable 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 to such indemnified party the amount paid over to the Borrower *plus* any penalties, interest or other charges imposed by the relevant Governmental Authority in the event such indemnified party is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this Section 10.1(e), in no event will the indemnified party be required to pay any amount to the Borrower pursuant to this Section 10.1(e) the payment of which would place the indemnified party in a less favorable net after-Tax position than the indemnified party would have been in if the Tax subject to indemnification and giving rise to such refund had not been deducted and the indemnification payments or additional amounts with respect to such Tax had not been paid. This paragraph 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.

(f) *[Reserved]*.

(g) *Survival*. Each party's obligations under this Section 10.1 and Section 10.4 shall survive the resignation or replacement of the Administrative Agent or any assignment of rights by, or the replacement of, a Lender, and the Termination Date.

(h) *Lenders*. For the avoidance of doubt, a "Lender" shall, for purposes of this Section 10.1, include any L/C Issuer.

**Section 10.2 *No Waiver; Cumulative Remedies; Collective Action***. No delay or failure on the part of the Administrative Agent or any Lender or on the part of the holder or holders of any of the Obligations in the exercise of any power or right under any Loan Document shall operate as a waiver thereof or as an acquiescence in any default, nor shall any single or partial exercise of any power or right preclude any other or further exercise thereof or the exercise of any other power or right. The rights and remedies hereunder of the Administrative Agent, the Lenders and of the holder or holders of any of the Obligations are cumulative to, and not exclusive of, any rights or remedies which any of them would otherwise have.

Notwithstanding anything to the contrary contained herein or in any other Loan Document, the authority to enforce rights and remedies hereunder and under the other Loan Documents against the Loan Parties or any of them shall be vested exclusively in, and all actions and proceedings at law in connection with such enforcement shall be instituted and maintained exclusively by, the Administrative Agent in accordance with Section 7.2, Section 7.3 and Section 7.4 for the benefit of all the Lenders and the L/C Issuers, and each Lender and each L/C Issuer hereby agree with each other Lender and each other L/C Issuer, as applicable, that no Lender or L/C Issuer shall take any action to protect or enforce its rights under this Agreement or any other Loan Document (including exercising any rights of set-off) without first obtaining the prior written consent of the Administrative Agent or the Required Lenders (such consent not to be unreasonably withheld or delayed); *provided, however*, that the foregoing shall not prohibit (a) the Administrative Agent from exercising on its own behalf the rights and remedies that inure to its benefit (solely in its capacity as Administrative Agent) hereunder and under the other Loan Documents, (b) any L/C Issuer from exercising the rights and remedies that inure to its benefit (solely in its capacity as L/C Issuer) hereunder and under the other Loan Documents, or (c) any Lender from filing proofs of claim or appearing and filing pleadings on its own behalf during the pendency of a proceeding relative to any Loan Party under any debtor relief law.

**Section 10.3 *Non-Business Days*.** Except as otherwise provided herein, if any payment hereunder or date for performance becomes due and payable or performable (in each case, including as a result of the expiration of any relevant notice period) on a day which is not a Business Day, the due date of such payment or the date for such performance shall be extended to the next succeeding Business Day on which date such payment shall be due and payable or such other requirement shall be performed. In the case of any payment of principal falling due on a day which is not a Business Day, interest on such principal amount shall continue to accrue during such extension at the rate per annum then in effect, which accrued amount shall be due and payable on the next scheduled date for the payment of interest.

**Section 10.4 *Documentary Taxes*.** The Borrower shall timely pay to the relevant Governmental Authority in accordance with Applicable Law, or at the option of the Administrative Agent shall timely reimburse the Administrative Agent for the payment of, any and all present or future documentary, court, stamp, excise, property, intangible, recording, filing or similar Taxes that arise from any payment made under, from the execution, deliver, performance, enforcement, or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, this Agreement or any other Loan Document ("*Other Taxes*").

**Section 10.5 *Survival of Representations*.** All representations and warranties made herein or in any other Loan Document or in certificates given pursuant hereto or thereto shall survive the execution and delivery of this Agreement and the other Loan Documents, and shall continue in full force and effect with respect to the date as of which they were made until the Termination Date.

**Section 10.6 *Survival of Indemnities*.** All indemnities and other provisions relative to reimbursement to the Lenders of amounts sufficient to protect the yield of the Lenders with respect to the Loans and Letters of Credit, including, but not limited to, Sections 8.1, 8.4, 10.4 and 10.13 hereof, shall survive the termination of this Agreement and the other Loan Documents and the payment of the Obligations.

**Section 10.7 *Sharing of Set-Off.*** Each Lender agrees with each other Lender a party hereto that if such Lender shall receive and retain any payment, whether by set-off or application of deposit balances or otherwise (except pursuant to a valid assignment or participation pursuant to Section 10.10 or as provided in or contemplated by Sections 2.14, 2.15 or 2.16), on any of the Loans or Reimbursement Obligations in excess of its ratable share of payments on all such Obligations then outstanding to the Lenders, then such Lender shall purchase for cash at face value, but without recourse, ratably from each of the other Lenders such amount of the Loans or Reimbursement Obligations, or participations therein, held by each such other Lenders (or interest therein) as shall be necessary to cause such Lender to share such excess payment ratably with all the other Lenders; *provided, however*, that if any such purchase is made by any Lender, and if such excess payment or part thereof is thereafter recovered from such purchasing Lender, the related purchases from the other Lenders shall be rescinded ratably and the purchase price restored as to the portion of such excess payment so recovered, but without interest. For purposes of this Section 10.7, amounts owed to or recovered by an L/C Issuer in connection with Reimbursement Obligations in which Lenders have been required to fund their participation shall be treated as amounts owed to or recovered by such L/C Issuer as a Lender hereunder.

**Section 10.8 *Notices.*** Except as otherwise specified herein, all notices hereunder and under the other Loan Documents shall be in writing (including, without limitation, notice by facsimile or email transmission) and shall be given to the relevant party at its physical address, facsimile number or email address set forth below, or such other physical address, facsimile number or email address as such party may hereafter specify by notice to the Administrative Agent and the Borrower given by courier, by United States certified or registered mail, by facsimile, email transmission or by other telecommunication device capable of creating a written record of such notice and its receipt. Notices under the Loan Documents to any Lender shall be addressed to its physical address or facsimile number or email address set forth on its Administrative Questionnaire; and notices under the Loan Documents to the Borrower or the Administrative Agent shall be addressed to their respective physical addresses, facsimile numbers or email addresses set forth below:

to the Borrower:

Western Digital Corporation.  
3355 Michelson Drive, Suite 100  
Irvine, California 92612  
Attention: Chief Legal Officer  
Telephone: (949) 672-7000  
Facsimile: (949) 672-9612

to the Administrative Agent:

For delivery of any list of Prohibited Lenders and notices with respect to changes to the list of Prohibited Lenders, email to:  
[JPMDQ\\_CONTACT@JPMORGAN.COM](mailto:JPMDQ_CONTACT@JPMORGAN.COM)

For all other notices to the Administrative Agent:

JPMorgan Chase Bank, N.A.  
10 South Dearborn  
Chicago, IL 60603  
Attention: Lamekia Davis  
Telephone: (312) 732-2300  
Facsimile: (844) 490-5663  
Email: [JPM.AGENCY.CRI@JPMORGAN.COM](mailto:JPM.AGENCY.CRI@JPMORGAN.COM) with a copy to [Lamekia.Davis@chase.com](mailto:Lamekia.Davis@chase.com)

With a copy of any notice of any Default or Event of Default (which shall not constitute notice to the Borrower) to:

Cleary Gottlieb Steen & Hamilton LLP  
One Liberty Plaza  
New York, New York 10006  
Attention: Duane McLaughlin  
Telephone: 212-225-2000  
Facsimile: 212-225-3999  
Email: dmclaughlin@cghs.com

Each such notice, request or other communication shall be effective (i) if given by facsimile, when such facsimile is transmitted to the facsimile number specified in this Section 10.8 or in the relevant Administrative Questionnaire and a confirmation of such telecopy has been received by the sender, (ii) if given by mail, five (5) days after such communication is deposited in the mail, certified or registered with return receipt requested, addressed as aforesaid, (iii) if by email, when delivered (all such notices and communications sent by email shall be deemed delivered upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return email or other written acknowledgement)), or (iv) if given by any other means, when delivered at the addresses specified in this Section 10.8 or in the relevant Administrative Questionnaire; *provided* that any notice given pursuant to Article 2 hereof shall be effective only upon receipt.

Section 10.9 *Counterparts*. This Agreement may be executed in any number of counterparts, and by the different parties hereto on separate counterpart signature pages, and all such counterparts taken together shall be deemed to constitute one and the same instrument; *provided* that nothing herein shall require the Administrative Agent to accept electronic signatures in any form or format without its prior written consent.

Section 10.10 *Successors and Assigns; Assignments and Participations*.

(a) *Successors and Assigns Generally*. The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that the Borrower may not assign or otherwise transfer any of its rights or obligations under any Loan Document without the prior written consent of the Administrative Agent and each Lender, and no Lender may assign or otherwise transfer any of its rights or obligations hereunder except (i) to an Eligible Assignee in accordance with the provisions of clause (b) of this Section 10.10, (ii) by way of participation in accordance with the provisions of clause (d) of this Section or (iii) by way of pledge or assignment of a security interest subject to the restrictions of clause (f) of this Section 10.10. Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby, Participants to the extent provided in

clause (d) of this Section and, to the extent expressly contemplated hereby, the Related Parties of each of the Administrative Agent and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) *Assignments by Lenders.*

(i) Any Lender may at any time assign to one (1) or more Eligible Assignees all or a portion of its rights and obligations under this Agreement with respect to all or a portion of its Revolving Credit Commitment(s) and the Loans at the time owing to it.

(ii) Assignments shall be subject to the following additional conditions:

(A) except in the case of an assignment of the entire remaining amount of the assigning Lender's Revolving Credit Commitment(s) and the Loans at the time owing to it or in the case of an assignment to a Lender or an Affiliate of a Lender or an Approved Fund with respect to a Lender, the aggregate amount of the Revolving Credit Commitment(s) (which for this purpose includes Loans outstanding thereunder) or, if the applicable Revolving Credit Commitment is not then in effect, the principal outstanding balance of the Loans of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Assumption with respect to such assignment is delivered to the Administrative Agent or, if "Trade Date" is specified in the Assignment and Assumption, as of such Trade Date) shall not be less than \$5.0 million, in the case of any assignment in respect of the Revolving Facility, or less than \$1.0 million, in the case of any assignment in respect of the Term Facility (calculated, in each case, in the aggregate with respect to multiple, simultaneous assignments by two (2) or more Approved Funds which are Affiliates or share the same (or affiliated) manager or advisor and/or two (2) or more lenders that are Affiliates) unless each of the Administrative Agent and the Borrower otherwise consent (each such consent not to be unreasonably withheld or delayed);

(B) each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement with respect to the Facility or the Revolving Credit Commitment assigned, except that this clause (B) shall not prohibit any Lender from assigning all or a portion of its rights and obligations among separate Facilities on a non-*pro rata* basis;

(C) the parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Assumption, together with a processing and recordation fee of \$3,500 (unless otherwise waived or reduced by the Administrative Agent in its sole discretion), and the Eligible Assignee, if it shall not be a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire; and

(D) the Eligible Assignee provides the Borrower and the Administrative Agent the forms required by Section 10.1(b) prior to the assignment.

Subject to acceptance and recording thereof by the Administrative Agent pursuant to clause (c) of this Section 10.10, from and after the effective date specified in each Assignment and Assumption, the Eligible Assignee thereunder shall be a party to this Agreement and, to the extent of the interest assigned by such Assignment and Assumption, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto) but shall continue to be entitled to the benefits of Sections 8.4, 10.1(a) and 10.13 and subject to any obligations hereunder with respect to facts and circumstances occurring prior to the effective date of such assignment. All parties hereto consent that assignments to the Borrower permitted by the terms hereof shall not be construed as violating *pro rata*, optional redemption or any other provisions hereof, it being understood that, notwithstanding anything to the contrary elsewhere in this Agreement, immediately upon receipt by the Borrower of any Loans and/or Revolving Credit Commitments the same shall be deemed cancelled and no longer outstanding for any purpose under this Agreement, including without limitation, Section 10.11, and in no event shall the Borrower have any rights of a Lender under this Agreement or any other Loan Document.

(c) *Register.*

(i) The Administrative Agent, acting solely for this purpose as an agent of the Borrower, shall maintain a copy of each Assignment and Assumption delivered to it and a register for the recordation of the names and addresses of the Lenders, the Revolving Credit Commitment(s) of, and principal amounts (and stated interest) of the Loans owing to, each Lender pursuant to the terms hereof from time to time, and each repayment in respect of the principal amount (and any interest thereon) (the "*Register*"). The entries in the Register shall be conclusive absent manifest error, and the Borrower, the Administrative Agent and the Lenders shall treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by the Borrower and any Lender (as to its own interest, but not the interest of any other Lender), at any reasonable time and from time to time upon reasonable prior notice.

(ii) The Administrative Agent shall (A) accept the Assignment and Assumption and (B) promptly record the information contained therein in the Register once all the requirements of clause (a) above have been met. No assignment shall be effective unless it has been recorded in the Register.

(d) *Participations.* Any Lender may at any time, without the consent of, or notice to, the Borrower, the Administrative Agent or any L/C Issuer, sell participations to any Person (other than a natural person (or a holding company, investment vehicle or trust for, or owned and operated for the primary benefit of, a natural person) or a Prohibited Lender) (each, a "*Participant*") in all or a portion of such Lender's rights and/or obligations under this Agreement

(including all or a portion of its Revolving Credit Commitment(s) and/or the Loans owing to it); *provided* that (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (iii) the Borrower, the Administrative Agent and the Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement.

Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification, supplement or waiver of any provision of this Agreement; *provided* that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, modification, supplement or waiver described in subclause (A) (to the extent that such Participant is directly affected) or (B) of Section 10.11. Subject to clause (e) of this Section 10.10, the Borrower agrees that each Participant shall be entitled to the benefits of Sections 8.1, 8.4, 10.1, and 10.4 (subject to the requirements and limitations therein (including the requirements under Section 10.1(c), it being understood that the documentation required to be provided under Section 10.1(c) shall be delivered to the participating Lender)) to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to clause (b) of this Section 10.10. To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 10.14 as though it were a Lender; *provided* that such Participant agrees to be subject to Section 10.7 as though it were a Lender.

Each Lender that sells a participation pursuant to this Section 10.10(d), acting solely for this purpose as a non-fiduciary agent of the Borrower, shall maintain a register for the recordation of the names and addresses of the Participants, the commitments of, and principal amounts (and stated interest) of the Loans owing to, each Participant pursuant to the terms hereof from time to time, and each repayment in respect of the principal amount (and any interest thereon) (each, a "*Participant Register*"). The entries in the Participant Register shall be conclusive absent manifest error, and such Lender and the Borrower shall treat each Person whose name is recorded in the Participant Register pursuant to the terms hereof as the owner of a participation for all purposes of this Agreement, notwithstanding notice to the contrary; *provided* that no Lender shall have the obligation to disclose all or any portion of the Participant Register (including the identity of any Participant or any information relating to a Participant's interest in any Loan or other Obligations under any Loan Document) to any Person except to the extent such disclosure is necessary in connection with a tax audit or other proceeding to establish that any such Obligations are in registered form for U.S. federal income tax purposes.

(e) *Limitations upon Participant Rights.* A Participant shall not be entitled to receive any greater payment under Section 8.4 than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant. A Participant shall not be entitled to receive any greater payment under Section 10.1 or Section 10.4 than the applicable

Lender would have been entitled to receive with respect to the participation sold to such Participant, except to the extent such entitlement to a greater payment results from a change in law after the sale of the participation.

(f) *Certain Pledges.* Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement (other than to any Prohibited Lender) to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank or other central bank having jurisdiction over such lender, and this Section 10.10 shall not apply to any pledge or assignment of a security interest; *provided* that no such pledge or assignment shall release such Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

(g) *Electronic Execution of Assignments.* The words “execution,” “signed,” “signature,” and words of like import in any Assignment and Assumption shall be deemed to include electronic signatures or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any Applicable Law, including the Federal Electronic Signatures in Global and National Commerce Act, the Ohio Uniform Electronic Transactions Act, or any other similar state laws based on the Uniform Electronic Transactions Act.

(a) *Assignments to the Borrower and its Subsidiaries.* Any Lender may elect to, but is not obligated to elect to, at any time, assign all or a portion of its rights and obligations in respect of the Term B Loans to the Borrower and/or any Subsidiary of the Borrower through Dutch Auctions open to all Lenders on a *pro rata* basis, subject to the following limitations:

(i) (A) the Revolving Facility shall not be utilized to fund the purchase or assignment and (B) no Default or Event of Default shall have occurred and be continuing at the time of acceptance of any bids in any Dutch Auction; and

(ii) any Term B Loans acquired by the Borrower or any of its Subsidiaries shall be immediately and automatically cancelled.

(b) *Prohibited Lenders.* If any assignment or participation under this Section 10.10 is made (or attempted to be made) (i) to a Prohibited Lender without the Borrower’s prior written consent or (ii) to the extent the Borrower’s consent is required under the terms of this Section 10.10 and such consent shall have not been obtained or deemed to have been obtained, to any other Person without the Borrower’s consent, then the Borrower may, at its sole expense and effort, upon notice to such Lender and the Administrative Agent, (A) in the case of any outstanding Term Loans, purchase such Loans by paying the lesser of par or the same amount that such Lender paid to acquire such Loans, or (B) require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in this Section

10.10), all its interests, rights and obligations under this Agreement to an assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment); *provided* that (i) such Lender shall have received payment of an amount equal to the lesser of par or the amount such Lender paid for such Loans and participations in L/C Disbursements, accrued interest thereon, accrued fees and all other amounts payable to it hereunder, from the assignee (to the extent of such outstanding principal and accrued interest and fees) or the Borrower (in the case of all other amounts), (ii) the Borrower shall be liable to such Lender under Section 8.1 if any Eurodollar Loan owing to such Lender is repaid or purchased other than on the last day of the Interest Period relating thereto, and (iii) such assignment shall otherwise comply with this Section 10.10 (*provided* that no registration and processing fee referred to in this Section 10.10 shall be owing in connection with any assignment pursuant to this clause). Each Lender hereby grants to the Administrative Agent an irrevocable power of attorney (which power is coupled with an interest) to execute and deliver, on behalf of such Lender, as assignor, any Assignment and Assumption necessary to effectuate any assignment of such Lender's interests hereunder to an assignee as contemplated hereby in the circumstances contemplated by this Section 10.10(i). Nothing in this Section 10.10(i) shall be deemed to prejudice any rights or remedies the Borrower may otherwise have at law or equity. Each Lender acknowledges and agrees that the Borrower would suffer irreparable harm if such Lender breaches any of its obligations under Section 10.10(a), 10.10(d) or 10.10(f) insofar as such Sections relate to any assignment, participation or pledge to a Prohibited Lender without the Borrower's prior written consent. Additionally, each Lender agrees that the Borrower may seek to obtain specific performance or other equitable or injunctive relief to enforce this Section 10.10(i) against such Lender with respect to such breach without posting a bond or presenting evidence of irreparable harm. The Administrative Agent shall not be responsible or have liability for, or have any duty to ascertain, inquire into, monitor or enforce, compliance with the provisions hereof relating to Prohibited Lenders. Without limiting the generality of the foregoing, the Administrative Agent shall not (x) be obligated to ascertain, monitor or inquire as to whether any Lender is a Prohibited Lender or (y) have any liability with respect to or arising out of any assignment or participation of Loans, or disclosure of confidential information, to any Prohibited Lender.

(c) If the Borrower wishes to replace the Loans or Commitments under any Facility with ones having different terms, it shall have the option, with the consent of the Administrative Agent and subject to at least three (3) Business Days' advance notice to the Lenders under such Facility, instead of prepaying the Loans or reducing or terminating the Commitments to be replaced, to (i) require the Lenders under such Facility to assign such Loans or Commitments to the Administrative Agent or its designees and (ii) amend the terms thereof in accordance with Section 10.11 (with such replacement, if applicable, deemed to have been made pursuant to Section 2.16). Pursuant to any such assignment, all Loans and Commitments to be replaced shall be purchased at par (allocated among the Lenders under such Facility in the same manner as would be required if such Loans were being optionally prepaid or such Commitments were being optionally reduced or terminated by the Borrower), accompanied by payment by the Borrower of

any accrued interest and fees thereon and any amounts owing pursuant to Section 10.13(b) to the extent demanded in writing prior to the date of such assignment. By receiving such purchase price, the Lenders under such Facility shall automatically be deemed to have assigned the Loans or Commitments under such Facility pursuant to the terms of the form of Assignment and Assumption attached hereto as Exhibit G and accordingly no other action by such Lenders shall be required in connection therewith. The provisions of this clause (j) are intended to facilitate the maintenance of the perfection and priority of existing security interests in the Collateral during any such replacement.

#### Section 10.11 *Amendments.*

(a) Except as provided in Section 2.14 with respect to any Incremental Facility, Section 2.15 with respect to any Extension and Section 2.16 with respect to any Refinancing Term Loans or Replacement Revolving Facility, (a) no provision of this Agreement or the other Loan Documents may be amended, modified, supplemented or waived unless such amendment, modification, supplement or waiver is in writing and is signed by (i) the Borrower, (ii) the Required Lenders, (iii) if the rights or duties of the Administrative Agent are adversely affected thereby, the Administrative Agent, and (iv) if the rights or duties of the L/C Issuers are affected thereby, the L/C Issuers; *provided that*:

(A) no amendment, modification, supplement or waiver pursuant to this Section 10.11 shall (i) increase any Commitment or extend the expiry date of any such Commitment of any Lender without the consent of such Lender (it being understood that any such amendment, modification, supplement or waiver that provides for the payment of interest in kind in addition to, and not as substitution for or as conversion of, the interest otherwise payable hereunder shall only require the consent of the Required Lenders and that a waiver of any condition precedent or the waiver of any Default or Event of Default or mandatory prepayment shall not constitute an extension or increase of any Commitment), (ii) reduce the amount of, postpone the date for any scheduled payment of any principal of or interest or fee on, or extend the final maturity of any Loan or of any Reimbursement Obligation or of any fee payable hereunder (other than with respect to a waiver of default interest and it being understood that any change in the definitions of any ratio used in the calculation of such rate of interest or fees (or the component definitions) shall not constitute a reduction in any rate of interest or fees) without the consent of each Lender (but not the Required Lenders) to which such payment is owing or which has committed to make such Loan or Letter of Credit (or participate therein) hereunder or (iii) change the application of payments set forth in Section 2.9 hereof without the consent of any Lender adversely affected thereby;

(B) no amendment, modification, supplement or waiver pursuant to this Section 10.11 shall, unless signed by each Lender, change the definition of Required Lenders in a manner that reduces the voting percentages set forth therein, change the provisions of this Section 10.11, release all or substantially all of the Collateral (except as expressly provided in the Loan Documents) or all or substantially all of the value of the

guarantees provided by the Guarantors (except as expressly provided in the Loan Documents), affect the number of Lenders required to take any action hereunder or under any other Loan Document, or change or waive any provision of any Loan Document that provides for the *pro rata* nature of disbursements or payments to Lenders or sharing of Collateral among the Lenders (except in connection with any transaction permitted by the last paragraph of this Section 10.11(a) or Section 10.10(h));

(C) no amendment, modification, supplement or waiver pursuant to this Section 10.11 shall amend or otherwise modify Section 2.8 or any other provisions of any Loan Document in a manner that by its terms adversely affects the rights in respect of payments due to Lenders holding Loans of any Class differently than those holding Loans of any other Class, without the consent of Lenders representing a majority in interest of each affected Class (it being understood that the Required Lenders may waive, in whole or in part, any prepayment of Loans hereunder so long as the application, as between Classes, of any portion of such prepayment that is still required to be made is not altered); and

(D) no amendment, modification, supplement or waiver pursuant to this Section 10.11 shall amend or modify the provisions of Section 2.3 or any letter of credit application and any bilateral agreement between the Borrower and an L/C Issuer regarding such L/C Issuer's Letter of Credit Commitment or the respective rights and obligations between the Borrower and such L/C Issuer in connection with the issuance of Letters of Credit without the prior written consent of the Administrative Agent and such L/C Issuer, respectively.

Notwithstanding anything to the contrary herein, (a) except as set forth in clause (A) above, no Defaulting Lender shall have any right to approve or disapprove any amendment, modification, supplement, waiver or consent hereunder or otherwise give any direction to the Administrative Agent; (b) the Borrower and the Administrative Agent may, without the input or consent of any other Lender, effect amendments to this Agreement and the other Loan Documents as may be necessary in the reasonable opinion of the Borrower and the Administrative Agent to effect the provisions of Sections 2.8(d), 2.14, 2.15, 2.16, 10.10(i) or (j); (c) guarantees, collateral security documents and related documents and related documents executed by the Borrower or any of its Subsidiaries in connection with this Agreement may be in a form reasonably determined by the Administrative Agent and may be amended, supplemented or waived without the consent of any Lender if such amendment, supplement or waiver is delivered in order to (i) comply with local law or advice of local counsel, (ii) cure ambiguities, omissions, mistakes or defects or (iii) cause such guarantee, collateral security document or other document to be consistent with this Agreement and the other Loan Documents; (d) the Administrative Agent may, with the consent of Borrower only, amend, modify or supplement this Agreement or any other Loan Document to cure any ambiguity, omission, defect or inconsistency, so long as such amendment, modification or supplement does not adversely affect

the rights of any Lender and 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 of the date of such notice to the Lenders, a written notice from the Required Lenders stating that the Required Lenders object to such amendment and (e) Schedules 5.10, 5.17, 6.11, 6.14, 6.15, 6.17 and 6.24 may be updated with the consent of the Borrower and the Administrative Agent following the Closing Date and prior to the Escrow Release Date to reflect circumstances existing on the Escrow Release Date.

Notwithstanding the foregoing, (i) only the consent of the Required RC/TLA Lenders shall be required in respect of amendments, modifications or waivers of the financial covenants set forth in Section 6.22 (or any component definition thereof to the extent applicable thereto) and (ii) only the consent of the Required RC Lenders shall be required with respect to waivers of any conditions to the Borrowing of any Revolving Loans, and any such amendment, modification or waiver may be made without the consent of any other Lender (including, for the avoidance of doubt, the Required Lenders).

In addition, notwithstanding the foregoing, any amendment or waiver of the conditions in Section 3.3 shall require the consent of the Required Lenders as of the date of such amendment or waiver.

In addition, notwithstanding the foregoing, this Agreement may be amended (or amended and restated) with the written consent of the Required Lenders (as determined hereunder prior to any such amendment or amendment and restatement), the Administrative Agent and the Borrower (i) to add one (1) or more additional credit facilities to this Agreement and to permit the extensions of credit from time to time outstanding thereunder and the accrued interest and fees in respect thereof to share ratably in the benefits of this Agreement and the other Loan Documents with the Loans and the accrued interest and fees in respect thereof and (ii) to include appropriately the Lenders holding such credit facilities in any determination of the Required Lenders, the Required RC/TLA Lenders, the Required RC Lenders and other definitions related to such new credit facilities; *provided* that no Lender shall be obligated to commit to or hold any part of such credit facilities.

(b) *[Reserved]*.

(c) Each waiver, amendment, modification, supplement or consent made or given pursuant to this Section 10.11 shall be effective only in the specific instance and for the specific purpose for which given, and such waiver, amendment, modification or supplement shall apply equally to each of the Lenders and shall be binding on the Loan Parties, the Lenders, the Administrative Agent and all future holders of the Loans and Revolving Credit Commitments.

Section 10.12 *Heading*. Section headings and the Table of Contents used in this Agreement are for reference only and shall not affect the construction of this Agreement.

Section 10.13 *Costs and Expenses; Indemnification.*

(a) The Borrower agrees to pay all reasonable and documented out-of-pocket costs and expenses (on the Closing Date or within thirty (30) days of a written demand therefor, together with reasonable backup documentation supporting such reimbursement request) of (i) the Administrative Agent, L/C Issuers and Joint Lead Arrangers in connection with the syndication of the Facilities and the preparation, execution, delivery and administration of the Loan Documents, (ii) the Administrative Agent and the L/C Issuers in connection with any amendment, modification, supplement, waiver or consent related to the Loan Documents, together with any fees and charges suffered or incurred by the Administrative Agent in connection with collateral filing fees and lien searches and (iii) the Administrative Agent, L/C Issuers and the Lenders (within thirty (30) days of a written demand therefor together with reasonable backup documentation supporting such reimbursement request) in connection with the enforcement of the Loan Documents.

(b) The Borrower further agrees to indemnify the Administrative Agent in its capacity as such, each Joint Lead Arranger, each L/C Issuer and each Lender, their respective Affiliates and controlling Persons and the respective directors, officers, employees, partners, advisors, agents and other representatives of the foregoing against all Damages (including, without limitation, reasonable attorney's fees and other expenses of litigation or preparation therefor, whether or not the indemnified person is a party thereto, or any settlement arrangement arising from or relating to any such litigation) which any of them may pay or incur arising out of or relating to (x) any Loan Document, any of the transactions contemplated thereby, the Facilities, the syndication of the Facilities, the direct or indirect application or proposed application of the proceeds of any Loan or Letter of Credit or the Transactions or (y) any Environmental Liability relating to the Borrower or any Restricted Subsidiary, including without limitation, with respect to the actual or alleged presence, Release or threat of Release of any Hazardous Materials at, on, under or from any property currently or formerly owned or operated by the Borrower or any Restricted Subsidiary, other than those in each of the cases of clauses (x) and (y) above which (i) arise from the gross negligence, willful misconduct or bad faith of, or material breach of the Loan Documents by, the party claiming indemnification (or any of its respective directors, officers, employees, advisors, agents and Affiliates), in each case, to the extent determined by a court of competent jurisdiction in a final and non-appealable judgment or (ii) arise out of any dispute solely among indemnified persons (other than in connection with any agent or arranger acting in its capacity as the Administrative Agent, an L/C Issuer, a Joint Lead Arranger or any other agent, co-agent, arranger or similar role, in each case in their respective capacities as such, or in connection with any syndication activities) that did not arise out of any act or omission of the Borrower or any of its Affiliates. Notwithstanding the foregoing, each indemnified person shall be obligated to refund and return any and all amounts paid by the Borrower to such indemnified person for fees, expenses or damages to the extent such indemnified person is not entitled to payment of such amounts in accordance with the terms hereof. No indemnified person and no Loan Party shall have any liability for any special, punitive, indirect or

consequential damages relating to this Agreement or any other Loan Document or arising out of its activities in connection herewith or therewith (whether before or after the Closing Date); *provided* that nothing in this sentence shall limit any Loan Party's indemnity and reimbursement obligations to the extent that such special, punitive, indirect or consequential damages are included in any claim by a third party unaffiliated with any of the indemnified persons with respect to which the applicable indemnified person is entitled to indemnification as set forth in the immediately preceding sentence. No indemnified person nor any other party hereto shall be liable for any damages arising from the use by unintended recipients of any information or other materials distributed by it through telecommunications, electronic or other information transmission systems in connection with this Agreement or the other Loan Documents or the transactions contemplated hereby or thereby, except to the extent any such damages arise from the gross negligence, bad faith or willful misconduct of, or material breach of the Loan Documents by, such indemnified person (or any of its respective directors, officers, employees, advisors, agents and Affiliates) or such other party hereto, as applicable, in each case to the extent determined by a court of competent jurisdiction in a final and non-appealable judgment.

(c) Notwithstanding any of the foregoing clauses (a) or (b) to the contrary, in no event shall the Borrower be obligated to pay for the legal expenses or fees of more than one (1) firm of outside counsel and, if reasonably necessary, one (1) local counsel in any relevant jurisdiction or otherwise retained with the Borrower's consent (not to be unreasonably withheld or delayed), to the Administrative Agent, or the Administrative Agent, the L/C Issuers, the Joint Lead Arrangers and the Lenders, taken as a whole, as the case may be, except, solely in the case of a conflict of interest under clauses (a)(iii) or (b) above, one (1) additional counsel to all affected persons similarly situated, taken as a whole, and if reasonably necessary, one (1) additional local counsel in each relevant jurisdiction or otherwise retained with Borrower's consent (not to be unreasonably withheld or delayed) to all affected persons similarly situated, taken as a whole. The obligations of the Borrower under this Section 10.13 shall survive the termination of this Agreement.

Section 10.14 *Set-off*. In addition to any rights now or hereafter granted under Applicable Law and not by way of limitation of any such rights, but subject to Section 10.2, upon the occurrence and during the continuation of any Event of Default, each Lender and each subsequent holder of any Obligation is hereby authorized by the Borrower at any time or from time to time, without prior notice to the Borrower or to any other Person, any such notice being hereby expressly waived, to set-off and to appropriate and to apply any and all deposits (general or special, including, but not limited to, indebtedness evidenced by certificates of deposit, whether matured or unmatured, but not including trust accounts, and in whatever currency denominated) and any other indebtedness at any time held or owing by that Lender or that subsequent holder to or for the credit or the account of the Borrower, whether or not matured, against and on account of any amount due and payable by the Borrower hereunder. Each Lender or any such subsequent holder of any Obligations agrees to promptly notify the Borrower and the Administrative Agent after any such set-off and application made by such Lender; *provided* that the failure to give such notice shall not affect the validity of such set-off and application.

**Section 10.15 *Entire Agreement.*** The Loan Documents constitute the entire understanding of the parties thereto with respect to the subject matter thereof and any prior agreements, whether written or oral, with respect thereto are superseded hereby.

**Section 10.16 *Governing Law.*** This Agreement and the rights and obligations of the parties hereunder shall be governed by, and construed by and interpreted in accordance with, the law of the State of New York; *provided* that, notwithstanding any governing law provision of the Loan Documents, (a) the interpretation of the definition of “*Company Material Adverse Effect*” (and whether or not a Company Material Adverse Effect has occurred), (b) the determination of the accuracy of any Specified Acquisition Agreement Representation and whether as a result of any inaccuracy thereof either the Borrower or its applicable affiliate has the right to terminate its obligations under the Acquisition Agreement or to decline to consummate the Schrader Acquisition and (c) the determination of whether the Schrader Acquisition has been consummated in accordance with the terms of Acquisition Agreement and, in any case, claims or disputes arising out of any such interpretation or determination or any aspect thereof shall, in each case, be governed by, and construed in accordance with, the laws of the State of Delaware, regardless of the laws that might otherwise govern under applicable principles of conflicts of laws thereof.

**Section 10.17 *Severability of Provisions.*** Any provision of any Loan Document which is unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such unenforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of such provision in any other jurisdiction. All rights, remedies and powers provided in this Agreement and the other Loan Documents may be exercised only to the extent that the exercise thereof does not violate any applicable mandatory provisions of law, and all the provisions of this Agreement and other Loan Documents are intended to be subject to all applicable mandatory provisions of law which may be controlling and to be limited to the extent necessary so that they will not render this Agreement or the other Loan Documents invalid or unenforceable.

**Section 10.18 *Excess Interest.*** Notwithstanding any provision to the contrary contained herein or in any other Loan Document, no such provision shall require the payment or permit the collection of any amount of interest in excess of the maximum amount of interest permitted by Applicable Law to be charged for the use or detention, or the forbearance in the collection, of all or any portion of the Loans or other obligations outstanding under this Agreement or any other Loan Document (“*Excess Interest*”). If any Excess Interest is provided for, or is adjudicated to be provided for, herein or in any other Loan Document, then in such event (a) the provisions of this Section 10.18 shall govern and control, (b) neither the Borrower nor any guarantor or endorser shall be obligated to pay any Excess Interest, (c) any Excess Interest that the Administrative Agent or any Lender may have received hereunder shall, at the option of the Administrative Agent, be (i) applied as a credit against the then outstanding principal amount of Obligations hereunder and accrued and unpaid interest thereon (not to exceed the maximum amount permitted by Applicable Law), (ii) refunded to the Borrower, or (iii) any combination of the foregoing, (d) the interest rate payable hereunder or under any other Loan Document shall be automatically subject to reduction to the maximum lawful contract rate allowed under applicable usury laws (the “*Maximum Rate*”), and this Agreement and the other Loan Documents shall be deemed to have been, and shall be, reformed and modified to reflect such reduction in the relevant interest rate, and (e) neither the Borrower nor any guarantor or endorser shall have any action against the Administrative Agent or any Lender for any Damages whatsoever arising out of the payment or collection of any Excess Interest. Notwithstanding the foregoing, if for any period of time interest on any of Borrower’s Obligations is calculated at the Maximum Rate rather than the applicable rate under this Agreement, and thereafter such applicable rate becomes less than the Maximum Rate, the rate of interest payable on the Borrower’s Obligations shall remain at the Maximum Rate until the Lenders have received the amount of interest which such Lenders would have received during such period on the Borrower’s Obligations had the rate of interest not been limited to the Maximum Rate during such period.

**Section 10.19 Construction.** The parties acknowledge and agree that the Loan Documents shall not be construed more favorably in favor of any party hereto based upon which party drafted the same, it being acknowledged that all parties hereto contributed substantially to the negotiation of the Loan Documents. The provisions of this Agreement relating to Subsidiaries shall apply only during such times as the Borrower has one (1) or more Subsidiaries. In the event of any conflict or inconsistency between or among this Agreement and the other Loan Documents, the terms and conditions of this Agreement shall govern and control.

**Section 10.20 Lender's Obligations Several.** The obligations of the Lenders hereunder are several and not joint and no Lender shall be responsible for the failure of any other Lender to satisfy its obligations hereunder except as otherwise set forth in this Agreement. Nothing contained in this Agreement and no action taken by the Lenders pursuant hereto shall be deemed to constitute the Lenders a partnership, association, joint venture or other entity.

**Section 10.21 USA Patriot Act.** Each Lender and each Agent hereby notifies each Loan Party that pursuant to the requirements of the Patriot Act it is required to obtain, verify and record information that identifies each Loan Party, which information includes the name and address of each Loan Party and other information that will allow such Lender and/or Agent to identify each Loan Party in accordance with the Patriot Act.

**Section 10.22 Submission to Jurisdiction; Waiver of Jury Trial.** Each of the parties hereto hereby submits to the exclusive jurisdiction of the United States District Court for the Southern District of New York and of any New York State court sitting in New York City in the borough of Manhattan for purposes of all legal proceedings arising out of or relating to this Agreement, the other Loan Documents or the transactions contemplated hereby or thereby. Each of the parties hereto irrevocably waives, to the fullest extent permitted by law, any objection which it may now or hereafter have to the laying of the venue of any such proceeding brought in such a court and any claim that any such proceeding brought in such a court has been brought in an inconvenient forum. Each of the parties hereto agrees that a final judgment in any such proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in any Loan Document shall affect any right that (a) any party hereto may otherwise have to bring any proceeding relating to any Loan Document against any other party hereto or their respective properties in the courts of any jurisdiction (i) for purposes of enforcing a judgment or (ii) in connection with any pending bankruptcy, insolvency or similar proceeding in such jurisdiction or (b) the Administrative Agent, the Collateral Agent, any L/C Issuer or any Lender may otherwise have to bring any proceeding relating to any Loan Document against any Loan Party or their respective properties in the courts of any jurisdiction in connection with exercising remedies against any Collateral in a jurisdiction in which such Collateral is located. THE BORROWER, THE ADMINISTRATIVE AGENT, THE L/C ISSUERS AND THE LENDERS HEREBY IRREVOCABLY WAIVE ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO ANY LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED THEREBY.

**Section 10.23 Treatment of Certain Information; Confidentiality.** Each of the Administrative Agent, the Lenders and the L/C Issuers agrees to maintain the confidentiality of the Information (as defined below), except that the Information may be disclosed (a) to its Affiliates and to its and its Affiliates' respective directors, officers, employees, agents, advisors, insurers, insurance brokers, settlement service providers and other representatives on a "need to know basis" (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential) solely in connection with the transactions contemplated or permitted hereby; *provided* that the Administrative Agent, the Lenders or the L/C Issuers, as the case may be, shall be responsible for their respective Affiliates' compliance with this clause, (b) to the extent requested by any regulatory authority having jurisdiction over such Person (including any self-regulatory authority, such as the National Association of Insurance Commissioners or any similar organization) or any nationally recognized rating agency that requires access to information about a Lender's

investment portfolio in connection with ratings issued with respect to such Lender (*provided* that, prior to any such disclosure, such rating agency shall undertake in writing to preserve the confidentiality of any confidential Information relating to the Loan Parties), (c) to the extent required by Applicable Laws or regulations or by any subpoena or similar legal process; *provided* that, unless specifically prohibited by Applicable Law or court order, each Lender and the Administrative Agent shall promptly notify the Borrower in advance of any such disclosure, (d) to any other party hereto, (e) in connection with the exercise of any remedies hereunder or under any other Loan Document or any action or proceeding relating to this Agreement or any other Loan Document or the enforcement of rights hereunder or thereunder, (f) subject to an agreement containing provisions not less restrictive than those of this Section 10.23, to (i) any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Agreement (provided that, for the avoidance of doubt, to the extent that the list of Prohibited Lenders is made available to all Lenders, the “Information” for purposes of this clause (f)(i) shall include the list of Prohibited Lenders) or (ii) any actual or prospective counterparty (or its advisors) to any Hedge Agreement relating to the Borrower and its obligations, (g) with the consent of the Borrower, (h) (x) to any rating agency in connection with rating the Borrower or its Subsidiaries or the facilities evidenced by this Agreement or (y) the CUSIP Service Bureau or any similar agency in connection with the issuance and monitoring of CUSIP numbers with respect to the facilities evidenced by this Agreement, (i) to the extent such Information (x) becomes publicly available other than as a result of a breach of this Section 10.23 or (y) becomes available to the Administrative Agent, any Lender or any of their respective Affiliates on a nonconfidential basis from a source other than the Borrower, (j) for purposes of establishing a “due diligence” defense, (k) to the extent that such information is independently developed, so long as not based on information obtained in a manner that would otherwise violate this Section 10.23. In addition, the Agents and the Lenders may disclose the existence of this Agreement and customary information about this Agreement to market data collectors, similar service providers to the lending industry, and service providers to the Agents and the Lenders in connection with the administration and management of this Agreement, the other Loan Documents, the Commitments, and the Credit Extensions; *provided* that such Person is advised of and agrees to be bound by the provisions of this Section 10.23. For purposes of this Section 10.23, “Information” means all information received by the Administrative Agent, any Lender or any L/C Issuer, as the case may be, from the Borrower or any of its Subsidiaries relating to the Borrower or any of its Subsidiaries or any of their respective businesses (including any target company and its Subsidiaries in connection with contemplated or consummated Acquisition or other investment), other than any such information that is available to the Administrative Agent or any Lender on a nonconfidential basis prior to disclosure by the Borrower or any of its Subsidiaries. Any Person required to maintain the confidentiality of Information as provided in this Section 10.23 shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information. Notwithstanding the foregoing, the Administrative Agent and the Lenders agree not to disclose any Information to a Prohibited Lender.

**Section 10.24 *No Fiduciary Relationship.*** The Borrower acknowledges and agrees that the transactions contemplated by this Agreement and the other Loan Documents (including the exercise of rights and remedies hereunder and thereunder) are arm’s length commercial transactions between the Agents and the Lenders, on the one hand, and the Loan Parties, on the other, and in connection therewith and with the process leading thereto, (i) the Agents and the Lenders have not assumed an advisory or fiduciary responsibility in favor of the Loan Parties, the Loan Parties’ equity holders or the Loan Parties’ Affiliates with respect to the transactions contemplated hereby (or the exercise of rights or remedies with respect thereto) or the process leading thereto (irrespective of whether such Agent and/or Lender has advised, is currently advising or will advise the Loan Parties, the Loan Parties’ equity holders or the Loan Parties’ Affiliates on other matters) or any other obligation to the Loan Parties except the obligations expressly set forth in this Agreement and the other Loan Documents and (ii) such Agent and/or Lender is acting solely as a principal and not as a fiduciary of the Loan Parties, the Loan Parties’ management, equity holders, Affiliates, creditors or any other Person or their respective Affiliates. Each Agent, each Lender and their Affiliates may have economic interests that conflict with the economic interests of the Borrower or any of its Subsidiaries, their stockholders and/or their Affiliates.

Section 10.25 *Platform; Borrower Materials.*

(a) The Borrower hereby acknowledges that (a) the Administrative Agent and/or the Joint Lead Arrangers will make available to the Lenders and the L/C Issuers materials and/or information provided by or on behalf of the Borrower hereunder (collectively, "*Borrower Materials*") by posting the Borrower Materials on Intralinks or another similar electronic system (the "*Platform*"), and (b) certain of the Lenders may be "public-side" Lenders (i.e., Lenders that do not wish to receive material non-public information (within the meaning of the United States federal and state securities laws) with respect to the Borrower or their respective Subsidiaries or any of their respective securities) (each, a "*Public Lender*"). The Borrower hereby agrees that it will identify that portion of the Borrower Materials that may be distributed to the Public Lenders and that (i) all such Borrower Materials shall be clearly and conspicuously marked "PUBLIC" which, at a minimum, shall mean that the word "PUBLIC" shall appear prominently on the first page thereof, (ii) all Borrower Materials marked "PUBLIC" are permitted to be made available through a portion of the Platform designated "Public Investor" and (iii) the Administrative Agent and the Joint Lead Arrangers shall be entitled to treat any Borrower Materials that are not marked "PUBLIC" as being suitable only for posting on a portion of the Platform not designated "Public Investor." THE PLATFORM IS PROVIDED "AS IS" AND "AS AVAILABLE". THE ADMINISTRATIVE AGENT, ITS RELATED PARTIES AND THE JOINT LEAD ARRANGERS DO NOT WARRANT THE ACCURACY OR COMPLETENESS OF THE BORROWER MATERIALS OR THE ADEQUACY OF THE PLATFORM, AND EXPRESSLY DISCLAIM LIABILITY FOR ERRORS IN OR OMISSIONS FROM THE BORROWER MATERIALS. NO WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR STATUTORY, INCLUDING ANY WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT OF THIRD PARTY RIGHTS OR FREEDOM FROM VIRUSES OR OTHER CODE DEFECTS, IS MADE BY THE ADMINISTRATIVE AGENT, ANY OR ITS RELATED PARTIES OR ANY JOINT LEAD ARRANGER IN CONNECTION WITH THE BORROWER MATERIALS OR THE PLATFORM.

(b) Each Lender acknowledges that all information, including requests for waivers and amendments, furnished by the Borrower or the Administrative Agent pursuant to or in connection with, or in the course of administering, this Agreement will be syndicate-level information, which may contain material non-public information. Each Lender represents to the Borrower and the Administrative Agent that (i) it has developed compliance procedures regarding the use of material non-public information and that it will handle material non-public information in accordance with such procedures and applicable law, including Federal, state and foreign securities laws, and (ii) it has identified in its Administrative Questionnaire a credit contact who may receive information that may contain material non-public information in accordance with its compliance procedures and applicable law, including Federal, state and foreign securities laws.

Section 10.26 *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 the parties hereto, each party hereto acknowledges that any liability of any EEA Financial Institution arising under any Loan Document, to the extent such liability is unsecured, may be subject to the write-down and conversion powers of an EEA Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

(a) the application of any Write-Down and Conversion Powers by an EEA Resolution Authority to any such liabilities arising hereunder which may be payable to it by any 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 10.27 *Collateral and Guarantee Suspension*. Notwithstanding anything to the contrary in this Agreement or any other Loan Document, on and after the Amendment No. 7 Effective Date, each Term A-1 Lender, Additional Term A-1 Lender, Incremental Term A-1 Lender and Revolving Lender agrees (which agreement shall be binding upon each of its successors and assigns (and in connection with any assignment of the Loans or Revolving Credit Commitments of such Lender, by signing the Assignment and Assumption the assignee of the Loans or Revolving Credit Commitments shall be deemed to have signed Amendment No. 7 with respect to the Collateral and Guarantee Release Amendments (as defined in Amendment No. 7))) that the Collateral and Guarantee Release Amendments shall become effective once the conditions precedent set forth in Section 10 of Amendment No. 7 are satisfied, the occurrence of which shall be notified to the Administrative Agent (and the Administrative Agent shall promptly notify the Lenders) by the Borrower and such notification shall be conclusive and binding.

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER  
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Stephen D. Milligan, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Western Digital Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15(d)-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

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

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

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

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

/s/ STEPHEN D. MILLIGAN

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Stephen D. Milligan  
*Chief Executive Officer*

Dated: May 6, 2019

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER  
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Mark P. Long, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Western Digital Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15(d)-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ MARK P. LONG

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Mark P. Long

*President WD Capital, Chief Strategy Officer and Chief Financial Officer*

Dated: May 6, 2019

The following certification is being furnished solely to accompany the Report pursuant to 18 U.S.C. § 1350 and in accordance with SEC Release No. 33-8238. This certification shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liability of that section, nor shall it be incorporated by reference into any filing of the Company under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except to the extent that Western Digital Corporation specifically incorporates it by reference.

**Certification of Chief Executive Officer**

Pursuant to 18 U.S.C. § 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Western Digital Corporation, a Delaware corporation (the “Company”), hereby certifies, to his knowledge, that:

- (i) the accompanying Quarterly Report on Form 10-Q of the Company for the period ended March 29, 2019 (the “Report”) fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and
- (ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ STEPHEN D. MILLIGAN

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Stephen D. Milligan  
*Chief Executive Officer*

Dated: May 6, 2019

The following certification is being furnished solely to accompany the Report pursuant to 18 U.S.C. § 1350 and in accordance with SEC Release No. 33-8238. This certification shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liability of that section, nor shall it be incorporated by reference into any filing of the Company under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except to the extent that Western Digital Corporation specifically incorporates it by reference.

**Certification of Chief Financial Officer**

Pursuant to 18 U.S.C. § 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Western Digital Corporation, a Delaware corporation (the “Company”), hereby certifies, to his knowledge, that:

(i) the accompanying Quarterly Report on Form 10-Q of the Company for the period ended March 29, 2019 (the “Report”) fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ MARK P. LONG

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Mark P. Long  
*President WD Capital, Chief Strategy Officer and Chief Financial Officer*

Dated: May 6, 2019